

The Impact of COVID-19 on Older Workers' Employment and Social Security Spillovers

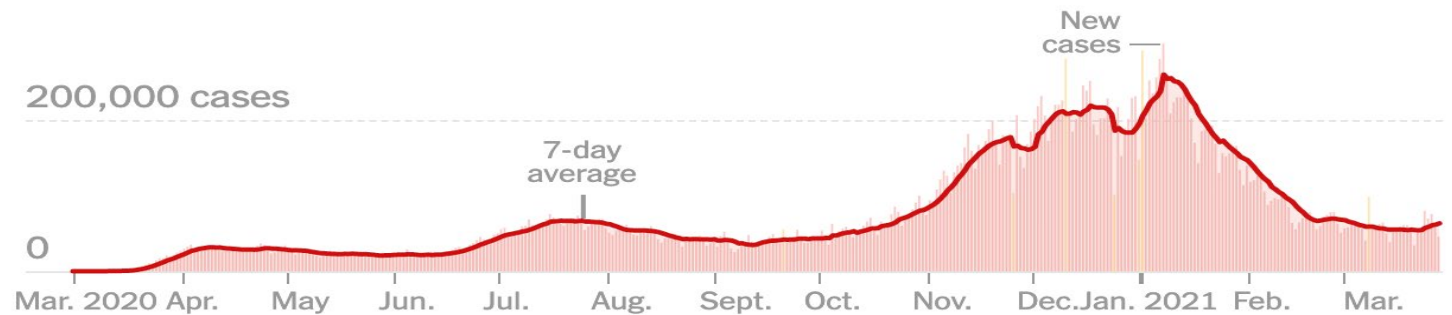
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Motivation

- COVID-19 global pandemic and associated risk-mitigation policies created unprecedented economic and social disruption
- Particular threat to older individuals' work attachment
 - Higher rates of mortality among those at older ages (Rosenthal et al. 2020)
 - More vulnerable to permanent labor market exits during recessions (Coile and Levine 2007 and 2011)
 - More likely to be eligible for disability or retirement



Total US Cases, *New York Times*

<https://www.nytimes.com/2021/03/29/us/coronavirus-today.html>

Effects on Social Security Administration

- Increased disability and retirement claiming due to reduced employment and LFP
 - Labor supply: fear of COVID, difficulties working remotely
 - Labor demand: Shutdowns, supply chain disruptions, cost-of-doing-business increases, discrimination against workers who are older or have disabilities, fall in consumer demand
- Reduced disability and retirement claiming:
 - Program demand: expanded UI benefits, wait-and-see approach due to uncertainty (seen after Great Recession), delayed retirement to recoup losses from unemployment, deaths among disabled and older populations
 - Program supply: office closures deterred applications (SSA offices closed 03/17/2020), limits on non-essential medical appointments deterring disability applications, online only application process

Research Questions

- How have older workers' employment outcomes evolved over the course of the COVID-19 pandemic?
- Did the COVID-19 pandemic result in changes in Social Security disability and retirement applications?

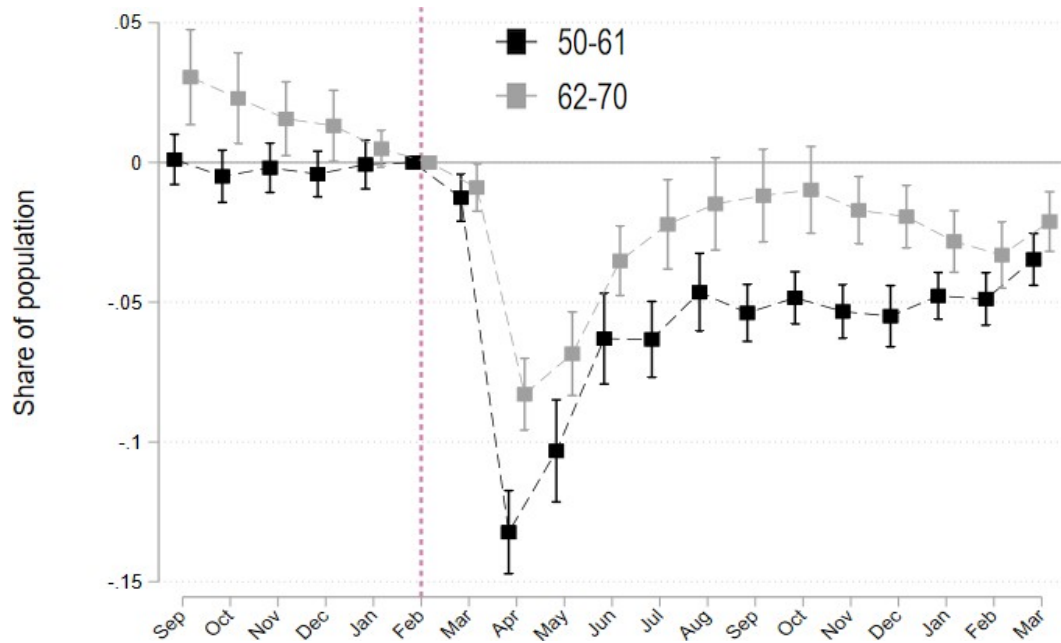
Data (January 2015-March 2021)

- Current Population Survey (N=2,504,444 households)
 - Ages 50-70
 - Outcomes: Employed, Employed(absent), Unemployed, NILF (retired, disabled, other)
- SSA State Agency Monthly Workload Data (N=3,825 state-months)
 - All ages
 - Outcomes: SSDI, SSI, Concurrent, and Total Applications per 100K persons aged 20-64
- SSA Monthly Retirement Applications Data (N=76 months)
 - All ages, but only eligible starting at age 62
 - Outcomes: Applications filed via offline, online, and total per 100K persons aged 60-69
- Google Trends (N=3,825 state-months)
 - All ages
 - Outcomes: Log search intensity “disability” and “retirement”
- Other data: state openness (Saletta et al. 2020), telework penetration (Dingel and Neiman, 2020)

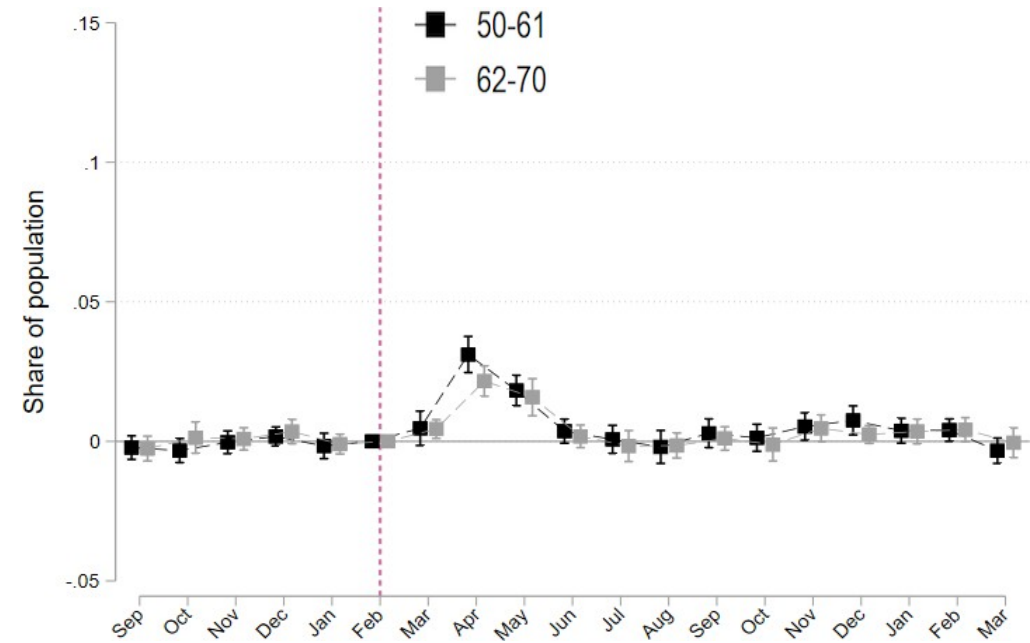
Methods

- Event studies tracking outcomes 5 months prior to March 2020 through March 2021
- Difference-in-difference regressions comparing outcomes pre- and post-March 2020
- Control variables:
 - All regressions: month fixed effects
 - All regressions except retirement applications: state fixed effects
 - CPS: year trend, demographics
 - SSA disability applications data and GT: year fixed effects
- Heterogeneity analyses interacting treatment with subgroup
 - Demographics: gender, race/ethnicity, education, lives alone
 - Geographic characteristics: MSAs with above versus below median telework prevalence and states with above versus below median “openness”

CPS Employment Outcomes

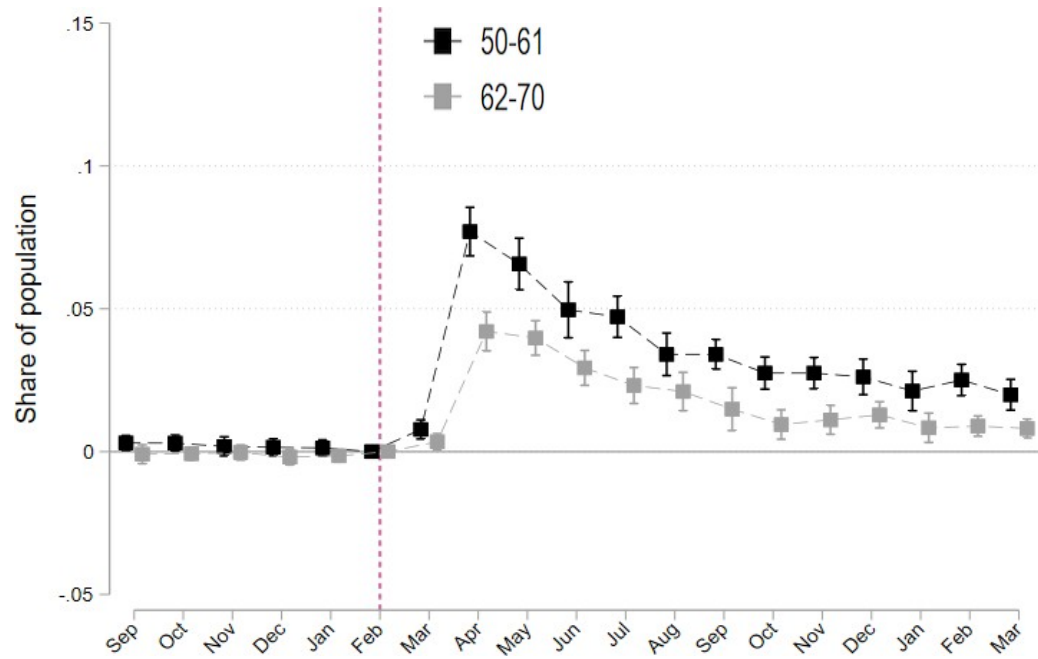


Employed

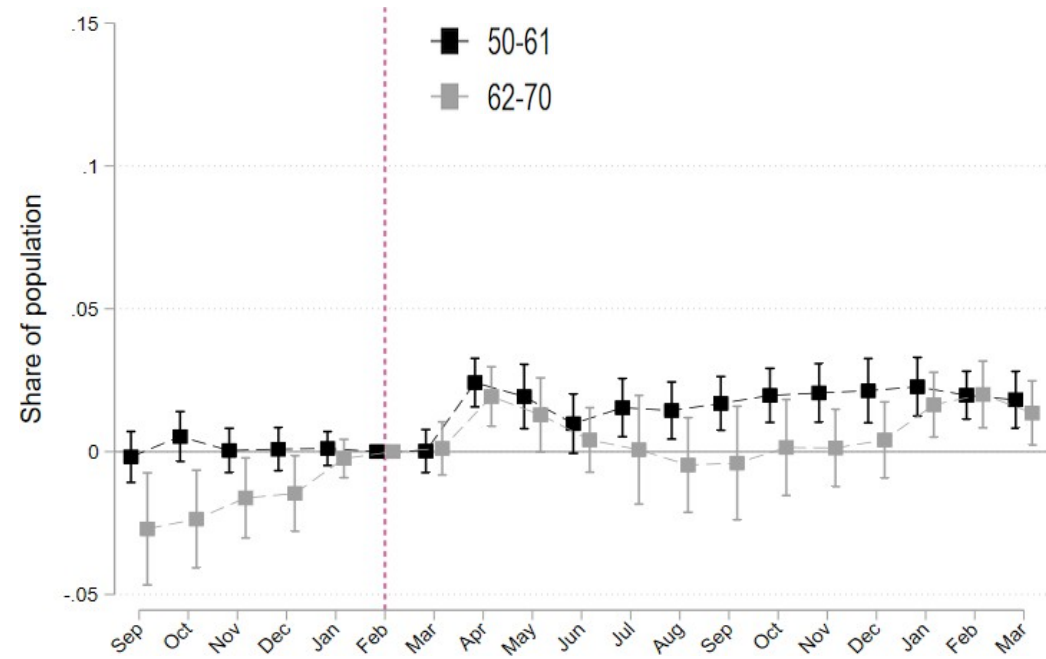


Employed - Absent

CPS Employment Outcomes



Unemployed



NILF

Changes in NILF Categories

A. 50-61 Year Olds

	(1) NILF	(2) Retired	(3) Disabled	(4) Other
Post Covid	0.0160*** (0.00270)	0.00332** (0.00155)	-0.00461** (0.00187)	0.0173*** (0.00157)
Observations	1505301	1505301	1505301	1505301
Pre-Covid Mean	0.262	0.0799	0.105	0.0777

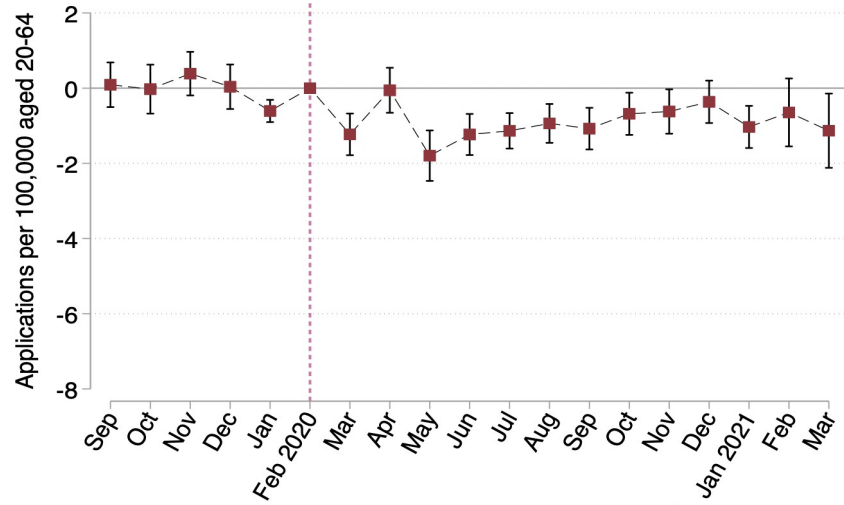
B. 62-70 Year Olds

	(1) NILF	(2) Retired	(3) Disabled	(4) Other
Post Covid	0.0164*** (0.00297)	0.0117*** (0.00368)	-0.00415* (0.00218)	0.00884*** (0.00115)
Observations	999143	999143	999143	999143
Pre-Covid Mean	0.606	0.491	0.0789	0.0359

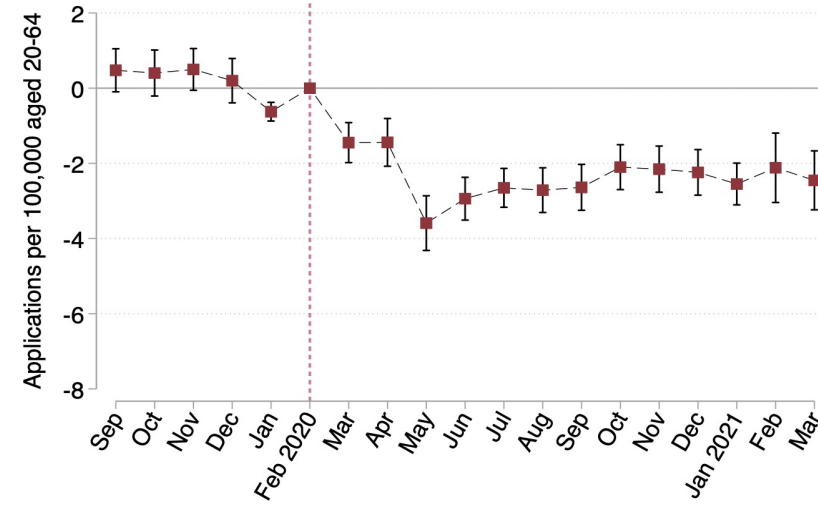
Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

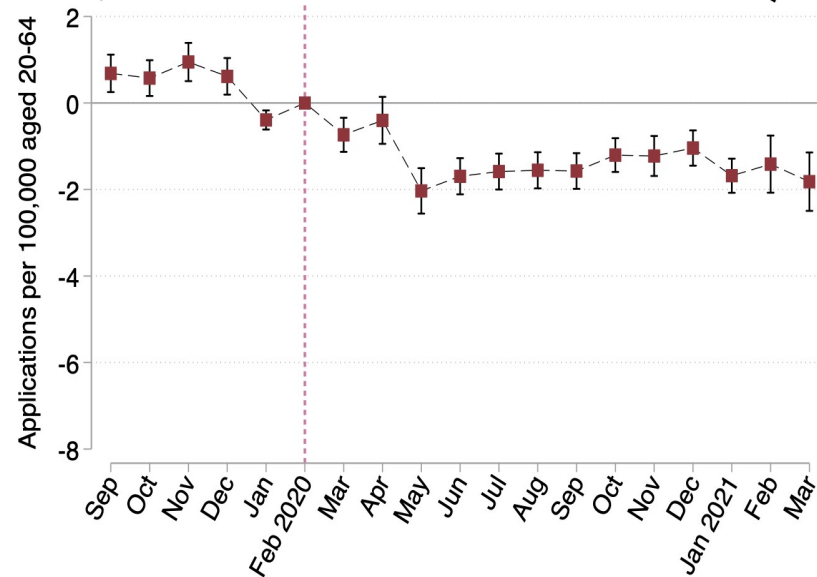
Social Security Disability Applications



SSDI Only

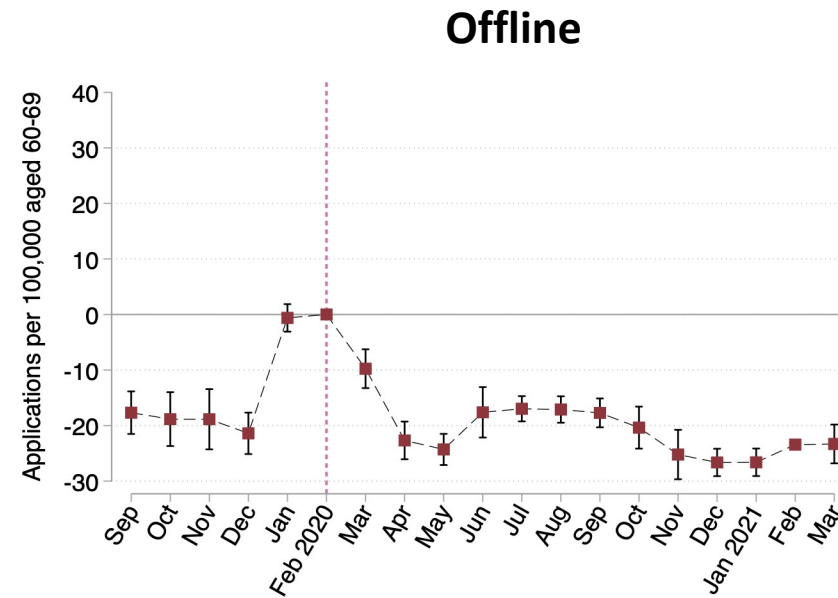
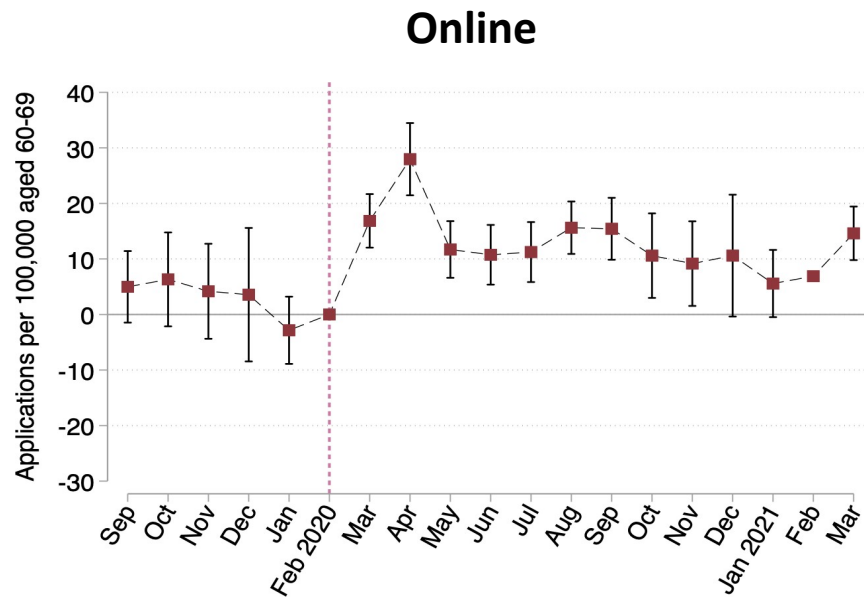


SSI Only



Concurrent

Social Security Retirement Applications

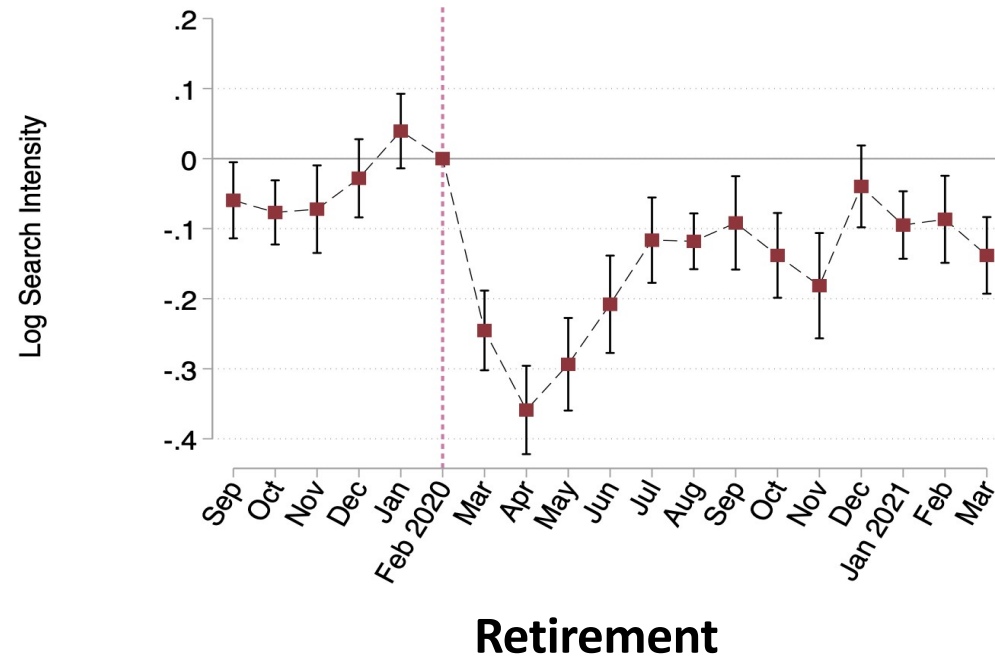
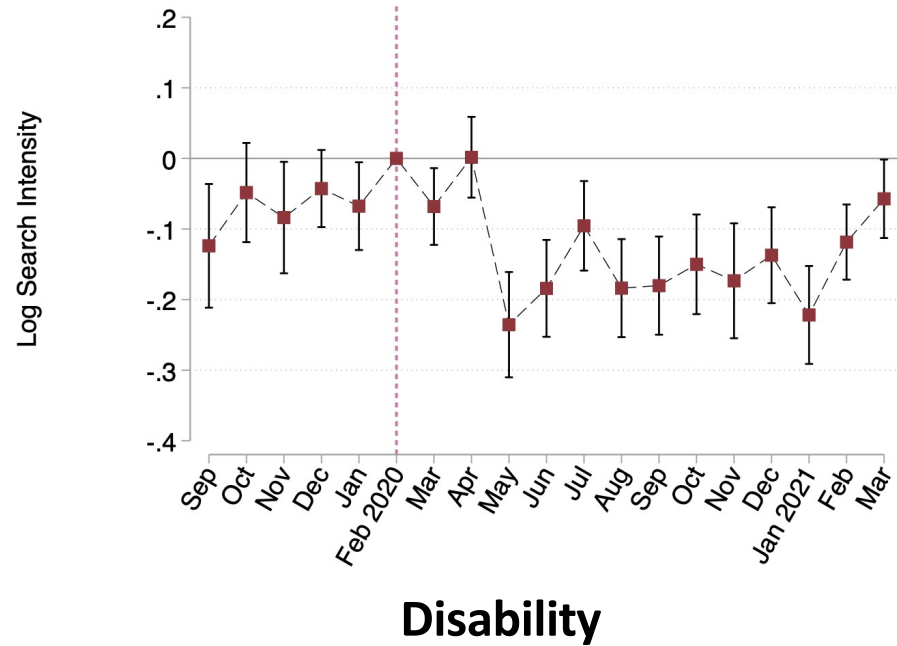


	Total	Online Applications	Offline Applications
Post-COVID	-4.43 (2.823)	15.24** (2.353)	-19.67*** (1.602)
N	76	76	76
Pre-COVID Mean	145.35	74.75	70.6

Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Google Trends Search Intensity



Main Results Summary: Pre/Post March 2020

- Reduced employment among older workers with larger effect for 50-61 than 62-70
 - Increased unemployment with larger effect for 50-61 than 62-70
 - Smaller, similar increases in NILF for both age groups
 - Decreased NILF due to disability
 - Increased NILF due to retirement and “other”
- Reduced applications for disability, especially SSI
- No overall effect on retirement applications, but online applications increased and offline applications decreased
- Decreased searches for “disability” and “retirement” relative to other search terms

Heterogeneity Analyses – Demographics (CPS)

- Increased unemployment:
 - 50-61 year olds: women, less educated, other race, Hispanic
 - 62-70 year olds: other race, Hispanic
- Increased NILF - retired:
 - 50-61 year olds: lives alone
 - 62-70 year olds: more educated, non-Hispanic, lives alone
- Decreased NILF - disabled:
 - 50-61 year olds: less educated, Black, Hispanic, lives alone
 - 62-70: males, less educated
- Increased NILF – other:
 - 50-61 year olds: less educated, Black and other race, lives alone
 - 62-70 year olds: other race
- More vulnerable experienced worse labor market effects

Heterogeneity – Geographic Characteristics

- MSAs with above median telework capability for all workers (CPS only)
 - Less likely to retire (50-61)
 - More likely to be unemployed (62-70)
- State Openness
 - CPS: Smaller decreases in employment, smaller increases in NILF – Other among 50-61
 - SSA disability applications: No difference in monthly disability applications per 100K persons aged 20-64
 - Google trends: Smaller reductions in search intensity for “disability” and “retirement” relative to other search terms

Results Summary

- Employment decreased among older adults, large shock following by slow reversion over time
 - Unemployment increased, larger effect among 50-61 year olds
 - NILF – retired increased, especially among less vulnerable
 - NILF – other increased, especially among more vulnerable
 - NILF – disabled *decreased*, especially among 50-61 and more vulnerable
- Disability applications *decreased* overall, especially for SSI, persistent over time
- Retirement applications *unaffected*, but more online, persistent over time
- Google trends show *decreased* searching for “disability” and “retirement”, persistent especially for disability

Potential Explanations

- Why did NILF-disability, disability applications, and GT “disability” searches decrease?
 - Expanded UI benefits
 - Online only applications
 - Non-essential medical treatment deferral
 - Telework more accommodating to those with disabilities
- Why didn’t retirement applications increase and why did GT “retirement” searches decrease, especially given increases in NILF-retired?
 - Less vulnerable accessing non-SSA retirement assets
 - Expanded UI benefits
 - Online only applications
 - Wait-and-see approach seen after Great Recession, stock market performance

Next Steps

- Assess and evaluate potential mechanisms distinguishing supply- from demand-side effects in labor markets and program participation
- Additional heterogeneity analysis:
 - Role of essential industries/not being able to work from home prior to pandemic
 - High/low income; telework measure for older workers only
 - Finer geographic areas, e.g., counties, MSAs
- Expand data used:
 - Census Pulse Survey questions re: SSA claiming
 - CPS March (ASEC) Supplement – question on work limitations due to disability
- Major limitation for retirement analysis: only national-level data are available, preventing any heterogeneity analysis and allowing for substantial confounding from state-level characteristics

Thank you!

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