The Consumption Patterns of Disability Beneficiaries

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Key Findings and Policy Implications

This paper compiles Consumer Expenditure Survey data from 1986 to 2012 in order to examine the consumption patterns of households with disability beneficiaries. The paper finds that:

- While average post-tax income disparities between households receiving SSDI or SSI benefits and working households have doubled over the past quarter of a century, the gaps are smaller when measured in terms of total expenditure.

- By looking at different types of expenditure, we show that households receiving SSDI and SSI have fared better when it comes to spending on food and housing, and that the differences between what they and working households spent are reasonably constant throughout the sample period. Standards of living have also been fairly constant when measured by number of rooms in the home or number of vehicles owned. The fractions of SSDI and SSI households with central air conditioning and computers have grown a lot over time, and at rates that are similar to working households.

- Healthcare expenditures have been relatively constant for SSDI households but rising for working households, and this is likely due to increases in the extreme values for healthcare expenditure among working households.

- Comparing SSDI and SSI households to households who received unemployment insurance or workers’ compensation, we find that SSDI and SSI households have not done as well as these other types of households in terms of their post-tax income or total expenditure. However, in terms of spending on food, housing and healthcare, SSDI and SSI households have outcomes that are similar to these other households.

While payments going to federal disability beneficiaries have increased over time, based on cost-of-living increases and changes in average wages, these values are a relatively crude measure of someone’s well-being. It is important to the design of disability policy that we also evaluate other measures of wellbeing, such as expenditures and living situations.

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