

Deshpande and Li 2019 Outline

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- Background context
 - SSDI is expanding
 - Application process
 - How the application process is related to targeting of disability
- State question: How do application costs affect the targeting of disability programs?
- Previous literature
 - Nichols and Zeckhauser (1982) – hypothesize that application costs may improve targeting by screening out high-ability individuals with a high opportunity cost of time
 - Bertrand, Mullainathan and Shafir (2004) – Hassles may discourage those most in need
- Analysis part 1
 - Data
 - Administrative data on applications and applicant characteristics
 - SSA data on field office characteristics
 - Methods
 - DID
 - Findings
 - Field office closings reduce the number of applications by 10% and the number of recipients by 16%
- Analysis part 2
 - Data
 - Walk-in wait time and application processing time as proxies for congestion
 - Methods
 - IV
 - Findings
 - 54% of the reduction in applications is attributable to increased congestion at neighboring offices, 4% to increased driving distance, and 42% to the other costs of switching field offices
 - Potential applicants are willing to forgo \$670 in benefits to avoid increased congestion, \$50 to avoid greater driving distance, and \$510 to avoid other costs of switching offices
 - Comparison with literature
 - Contrast to Nichols and Zeckhauser (1982) that field office closings reduce productive efficiency and targeting efficiency
- Analysis part 3
 - Methods
 - Cost benefit analysis of field office closings
 - Loss in social welfare
 - Administrative savings from processing fewer applications and shuttering field offices
 - Findings

- Estimate a ratio of social costs to social benefits of field closings of 5.4 to 1 and a total net social cost of all 118 closings of \$1.2 billion