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**Texas Disability Determination Services: A
Study of Unemployment Rates, Disability
Application Rates, and Fraud Referral Rates.**

Brook N. Campbell

Texas State University - San Marcos, Department Of Political Science

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Texas Disability Determination Services: A Study of Unemployment Rates, Disability Application Rates, and Fraud Referral Rates.

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Brook N. Campbell

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Abstract

Purpose:

The purpose of this research project is to explore three areas of behavior and decision-making pertaining to the Disability Determination Services program. Specifically, this paper will research (1) the relationship between unemployment rates and Texas Disability Determination Services application rates from 2000 to 2009; (2) the relationship between Texas Disability Determination Services application rates and allowance rates from 2000 to 2009; (3) and the relationship between application rates and fraud referral rates to the Cooperative Disability Investigations (CDI) program from Texas Disability Determination Services from 2001 to 2009. This is accomplished by visual inspections of linear figures based on data from Texas DDS, unemployment data, and CDI data.

Method:

After reviewing relevant literature, a conceptual framework was developed, allowing the working hypothesis to be generated. The literature and conceptual framework are based on individual level behavior. Based on the individual level behavior the working hypotheses are developed to examine aggregate level data for applicants and agency decision-making. Theories and concepts for the working hypotheses are derived and supported by the literature presented in Chapter II. To fulfill the research methodology, quantitative data is collected from government agency's online databases. Linear figures represent each working hypothesis, displaying the research results. There

is a visual inspection and discussion of the data to test the hypotheses and establish trends over time.

Findings:

Based on the information provided by the data along with visual inspection positive support was found for each hypothesis. Research results in addition to comprehensive literature support the working hypotheses of a positive relationship over time between Texas unemployment rates and Texas DDS application rates; a negative relationship between Texas DDS application rates and allowance rates; and a positive relationship between Texas DDS application rates and CDI fraud referral rates.

About the Author

Brook N. Campbell works as a Disability Specialist for the Department of Assistive and Rehabilitative Services, Texas Disability Determination Services. Prior to working for DDS she began her college career in New York City at Marymount Manhattan College. Later she transferred to the University of Texas at Austin and graduated with a degree in Government and a minor in Business. Brook is a member of the American Society of Public Administrators as well as a member of the National Society of Disability Examiners. Brook can be reached at campbell.brook@gmail.com.

Chapter I: Introduction

This chapter will be a brief introduction to the focus of this research paper, the Disability Determination Service's application process, and why this topic is compelling:

A forty-five year old female alleging bipolar disorder, schizophrenia, arthritis, diabetes, hypertension, and back pain applies for disability at her local Social Security field office. She completes the initial application stating she has an eighth grade education, and her past work experience was cleaning schools. She is now employed part-time and earns income less than the monthly maximum to apply for disability. She meets the nonnegotiable criteria permitting the field office representative to electronically send the application to Disability Determination Services (DDS). A Disability Specialist (DS) receives the application and begins the determination process by reviewing the applicant's medical sources for her allegations. If there is insufficient medical evidence to make a determination, the DS can order a "consultative exam" (CE). The CE is a medical exam by contracted physicians in the applicant's local area. Evidence is then compiled into a typed report. After consulting with doctors on staff inside the agency, the claimant's mental and physical residual functional capacity is established. Taking that into account, the DS decides if the claimant can perform past work or if they can perform other jobs in the national economy. Then a denial or allowance determination is made. This anecdote is an extremely simplified overview of the DS job. A typical initial case decision takes sixty days, and each DS has over one hundred cases on their caseload at any given time.

This topic is compelling because it relates to current issues surrounding high unemployment rates, budget concerns, agency fiscal responsibility, and healthcare needs.

There has been a steady increase in application rates over the years¹. The significant increases in applications cause a backlog in the determination process, making the process less timely. The increasing applications also cost the disability program more money to process. The number of applications for disability appears to rise as unemployment rises. One of the criteria for meeting disability is not being able to work due to an impairment. More often the reason for not working is being laid off, not a disability. The backlog is a problem because it increases the waiting time for those who are truly disabled. Among the unemployed applicants are those seeking benefits due to a severely disabling condition. All citizens have a right to apply, so applications are not screened based on the reason for not working. Each application must be fully investigated so a proper determination can be made. The mission statement for the Texas Disability Determination Services agency is “To improve the quality of life for Texans with disabilities who apply for or receive SSA disability benefits by making timely and accurate disability determinations” (www.dars.state.tx.us/). Chronically unemployed applicants may not be aware of the huge negative impact on the timeliness of the decision process. The amount of unqualified applicants is reflected in the allowance rate. The Disability Specialists have a tremendous amount of discretion about the final determination.

An issue of concern presented by bureaucratic discretion is “it conflicts with our fundamental beliefs about institutional limitations and responsibilities... and the very essence of representative democracy is that such authority should be exercised by institutions directly responsible to the people” (West 1984, 340-341). There is a concern

¹ The author of this research paper is a Disability Specialist for the Texas Disability Determination Services.

that some decisions made by Disability Specialists are influenced by economic conditions, such as high unemployment. Sympathizing with applicant's unemployment problems, a DS may be inclined to allow more people. However, Disability Specialists have a responsibility to grant benefits to applicants who meet the allowance criteria based on a disability.

Fraud is another major concern in the Disability Determination Services program. A DS also has a responsibility to report suspected fraud and abuse of the program. Fraud is another major concern with the increasing disability applications as unemployed people seek income. With classes at Austin community College titled "Social Security Disability Filing Secrets", people are influenced to apply even if they are not significantly disabled. Fraudulent applicants take away money and resources from those who are truly disabled. The rate of increasing fraud referrals in the Disability Determination Services program reflects bureaucratic response as well as undeserving applications. As a DS receives more suspicious applications the appropriate response is to refer the application to the Cooperative disability Investigations (CDI) program. Investigations can uncover the deceptive behavior of some applicants. Learning about relationships and impacts of increasing disability application rates is important for future policy planning. The next section will present a brief description of each chapter.

Chapter Summaries

Chapter II describes the historical and policy settings for the Social Security Disability Program. Also Chapter II will describe bureaucratic agencies, "street-level" bureaucrats", and the Disability Determination Services program in more detail.

Chapter III is a review of the literature pertaining to street-level bureaucracy and labor force participation ultimately focusing on disability application decision-making. This chapter is a summary of literature surrounding an individual's decision to exit the labor force and apply for disability. It also discusses the position of bureaucratic agencies workers and the influences on their decisions when making determinations. In addition the chapter addresses reasons for and reactions to potential fraud and abuse in the disability program.

Chapter IV connects the literature and conceptual framework. Based on the individual level behavior working hypotheses are developed to examine aggregate level data for applicants and agency decision-making. Theories and concepts for the working hypotheses are derived and supported by the literature presented in Chapter 2. To fulfill the research methodology, quantitative data is collected from government agency's online databases. The variables of the hypotheses are then operationalized in a chart.

Chapter V is a discussion of the findings. Time-series graphs are presented displaying the research results. There is a visual inspection and discussion of time-series data to determine the trends and patterns of multiple variables over time. Research results in addition to comprehensive literature support the working hypotheses of a positive relationship over time between Texas unemployment rates and Texas DDS application rates; a negative relationship between Texas DDS application rates and allowance rates; and a positive relationship between Texas DDS application rates and CDI fraud referral rates.

Chapter VI will be a summary of the study and findings from the results in

Chapter V. This chapter will also include suggestions for future research as well as procedural suggestions for Texas DDS. This study provides an occasion to explore a phenomenon in society that will impact most of the public. This research is aimed at uncovering trends in an enormous social welfare policy with the potential for extreme future budgetary consequences. The main goal of this study is to observe individual decision-making and its impacts.

Chapter II: Research Setting

Brief History of the Disability Program and Purpose

Concern and debates surrounding the disability program was strong even before it became a law. According to the Social Security official website the bill to include disability benefits was signed into law in 1956 by President Eisenhower. Opponents to disability as a Social Security benefit worried about the costs, the disincentives to the disabled to seek rehabilitation, and the difficulty in determining who is classified as disabled (www.ssa.gov). The ultimate challenge continues to be defining who is disabled and making decisions about who qualifies to receive benefits. The original definition of disability in 1956 states that a person “must be unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which must be expected to result in death or to be of continued and indefinite duration” (Committee Staff Report on Disability Insurance Program 1974, 113). This definition is extremely broad and vague making it difficult to interpret and implement.

The purpose of the Social Security Disability Insurance program is to provide benefits for eligible workers who have qualifying disabilities and for eligible members of their families. The purpose of the Social Security Income program is similar except it is for individuals who meet limited income and resources maximums. Presently anyone can apply for disability under age 65 and over 18. Parents can apply for their children from birth until the child becomes an adult. This was not always the case the law has become broader over the years.

Significant Policy and Program Changes

In the following years, laws were amended, and the definition of disability began to transform. 1960 amendments eliminate the minimum age requirement of 50. The amendments grant workers who have paid into the system, and are “insured” because of their work credits, the right to apply for and possibly qualify for benefits. In 1965 a significant change to the definition of disability took place. The amendment had an impact on the expected duration of the applicant’s impairment. Instead of a continued and indefinite duration, the disability duration became “for a continuous period of 12 months or longer” (Committee Staff Report on Disability Insurance Program 1974, 115). Now for an applicant to be considered disabled the impairment must be expected to last or have lasted continuously for twelve month. Clarifying the disability duration requirements and removing the minimum age expanded eligibility to many more people, increasing applications (Committee Staff Report on Disability Insurance Program 1974, 115).

Changes in the definition of disability and the qualifications to be allowed for benefits continued throughout the 1960s and 1970s. Some benefits include the Black Lung Benefits Act of 1972, more lenient application rules for the blind, and expanded benefit rights for children. The intent is for benefits to bestow assistance on deserving individuals who need social welfare services. Monthly payments became an issue in 1973. During this year, Public Law 93-66 (July 1973) passed, increasing the monthly dollar amounts to address the rise in the cost of living (Committee Staff Report on Disability Insurance Program 1974, 123). The continuing increases in payment amounts later prove to be an incentive for some nondisabled individuals to apply for benefits instead of seeking low paying employment.

The concern over misuse of the program and the increasing cost led to conservative reforms. “In order to bring DI enrollment and spending in line, the SSA’s Office of Disability began in the late 1970s an effort to assert a more restrictive interpretation of disability” (Erkulwater 2006, 98). More emphasis was placed on “clinical” objective medical findings rather than nonmedical subjective reasons for an inability to function sufficiently for gainful employment. These revisions to the determination process fell in line with the original intent of the program.

“During debate over the creation of Disability Insurance, members of Congress were adamant that the program should be reserved for workers with a medical condition that destroyed their employment prospects; they did not want it to become a general unemployment compensation program. If at all possible, claimants had to verify their medical condition with clinical evidence” (Erkulwater 2006, 98).

Objective testing criteria determine if an individual will qualify, and “SSA could strike the man from its rolls even though it was the disability standards, not the man, that had changed” (2006, 102).

In the 1980s, disability advocates began rallying for less stringent determination guidelines and disability rights. Rallying efforts led to the Social Security Disability Benefits Reform Act of 1984. President Regan’s attempts to cut social welfare spending in 1981 ignited opposing efforts to expand the program. “Regan’s efforts to purge the disability rolls brought the SSA’s retrenchment to light and infuriated the advocates” (2006, 105). Evaluating applicants is extremely difficult due to the changing requirements and subjective allegations. There have been multiple attempts to address this problem, and the 1984 Disability Benefits Reform Act involved establishing statutory standards for evaluating disability. One of the most significant and influential amendments is a requirement for periodic review for termination of disability benefits.

The amendment provides that, “with certain exceptions, the Secretary may terminate benefits based on disability only if there is substantial evidence, which shows that the individual's impairments have medically improved and the individual can now perform substantial gainful activity.” (www.ssa.gov) This study does not attempt to tackle the changing program and policies that impact decision rates. This research attempts to reveal behavioral trends in the Disability Determination Services programs during times of higher unemployment.

Following these reforms disability rolls increased drastically. In 1996, Congress created a prerelease plan so mentally ill patients exiting state hospitals could quickly acquire SSI disability benefits. Prior to the prerelease plan the 1987 Stewart B. McKinney Homeless Assistance Act was passed in the interest of the homeless. The prerelease plan and the McKinney Homeless Assistance Act correlate because many homeless people suffer from mental illnesses this legislation allows more individuals to qualify for disability benefits (2006, 161). Individuals committed to state hospitals often have significant mental impairments. This is frequently the case with the homeless as well. Through the prerelease plan and the 1987 Homeless Assistance Act more access and assistance is given to significant sections of the population who may meet the criteria for being considered disabled.

Legislative activity continued into the 1990s. The Americans with Disabilities Act of 1990 was a culmination of disability rights advocacy. A major part of the Act encouraged DI and SSI programs to include funding for special education and independent living. The goal was to have disabled individuals “work and still retain their eligibility” (2006, 169). There are numerous legislations and policy reforms that shape

today's disability determination program. The ones mentioned have significant impacts on determination decisions and eligibility. This study will focus on all initial applications, not specifically on mental illnesses or children. The primary focus will be on adult application behavior. Adults must apply for their children, so trends in all initial application rates will be considered.

Bureaucratic Agencies

Changes in policies and processes are an inevitable continuous reality working for any bureaucratic agency. Ruiz (2004) detailed the transformation and consolidation of the Health and Human Services Commission agency in Texas. The agency researched in this paper, Disability Determination Services, is under the Health and Human Services umbrella. Due to budgetary issues for the fiscal year of 2003-2004 the twelve Health and Human Services (HHSC) agencies were consolidated into five. The Texas Department of Assistive and Rehabilitative Services (DARS) was created as a new agency (Ruiz 2004, 4). Disability Determination Services (DDS) is one of the agencies operating under DARS. Prior to the consolidation, DDS had been determining disability claims for many years. But as Ruiz addresses in his applied research paper, it is an ongoing challenge for agencies to concentrate on consolidation and continue to provide exceptional services to the public (2004, 5).

Agency changes and restructuring are constantly being evaluated for efficiency in serving the public both internally and externally. Efficiency is the ultimate goal. Corporal (2004) discusses the organizational process model connecting government bureaucracies in "a vast conglomerate of loosely allied organizations, each with a substantial life of its own" (2004, 35). There is a link between organizations and agencies

functioning within their department of government. Each bureaucratic agency has a purpose contributing in its own way to achieve the ultimate goal of serving the public interest efficiently. Disability Determination Services is in a family of public service agencies assisting a specific sector of the community. Disabled citizens are the target population for DDS, and the goal is to make determinations in a “timely, efficient, and equitable manner” (NADE Winter 2010, 4). The determination processes are designed to make DDS as efficient as possible.

In addition to tweaking processes internally for efficiency, there needs to be external indicators of how well a bureaucracy is performing. The National Association of Disability Examiners (NADE) Advocate is a quarterly periodical distributed to members discussing current issues facing the disability program. An overwhelming issue currently facing DDS is claims backlog. According to NADE the Social Security Administration is facing an unprecedented backlog of disability claims of more than 1.3 million, and 3.3 initial claims are expected in the fiscal year (FY) 2010. The increase in applications is 700, 000 more than FY 2008. Son (2009) suggests the “federal government has taken on increasing responsibilities for basic human needs, the role of social indicators has become not only expository, but normative” (Son 7, 2009). Social indicators are determinants of citizen well being. Social indicators include but are not limited to citizen health statistics and unemployment rates. Statistics and rates are external indicators of how well some programs are responding to changes in economic and social conditions. Agencies are responsible for providing options and opportunities for the specific population they are designed to serve.

The disabled population has more than one option when seeking assistance from government agencies. The definition of disability varies greatly from agency to agency. The United States Department of Veterans Affairs (VA) rates veterans with a percent disability, and benefits are given accordingly. The disability Determination Services program either allows or denies applicants. Denials are not given any benefits. To meet the allowance criteria for the SSI and SSDI program, the disability must be a long-term to permanent condition preventing any substantial income making activity. The SSI and SSDI program are for individuals who are unable to work due to a disabling condition. There are disabling conditions that allow an individual to maintain the ability to work. Richard's (2006) evaluates efforts made by the Texas Medicaid waiver program to assist disabled individuals in leading independent lives. Consumer outcomes is a criteria used to determine if the program facilitates citizens living independently. Richard uses "indicators of how well the public system supports adults with disabilities to work, be a part of the community, have friends and personal relationships, and make personal choices" (2006, 34). There are bureaucratic efforts being made to provide disabled citizens with the choice and opportunity to work and have "normal" lives. Applying for SSI and SSDI benefits are not the only options for disabled Americans. The Disability Determination Services agency is responsible for making disability decisions under the SSA guidelines for those Americans who are not able to work and lead normal lives. This applied research paper with focus on that bureaucratic agency.

A Disability Specialist's (DS) job is to determine whether or not the individual applying is disabled under Social Security's criteria. Everyone has the right to apply for disability benefits. The disability severity is not evaluated at the field office, so even mild impairments are sent to DDS for determination. The claimant must meet other

requirements such as work credits, monthly income restrictions, and maximum income and resources. There are two programs associated with Social Security Disability. Supplemental Security Income (SSI) disability is a program designed for benefits to disabled adults and children who have limited income and resources. Social Security Disability Insurance (SSDI), better known as DI, pays benefits to individuals and certain family members if the worker has worked long enough and paid Social Security taxes. The job of a Field Office Representative does not require much discretion. The decision for a claimant to proceed to DDS is based on predetermined values. Even if the representative at the field office believes the claim is fraudulent the determination is forwarded to DDS. Expectations are that persons who do not have many job opportunities will try their luck at applying for disability. Submitting an application is not that difficult, especially now that it can be done online.

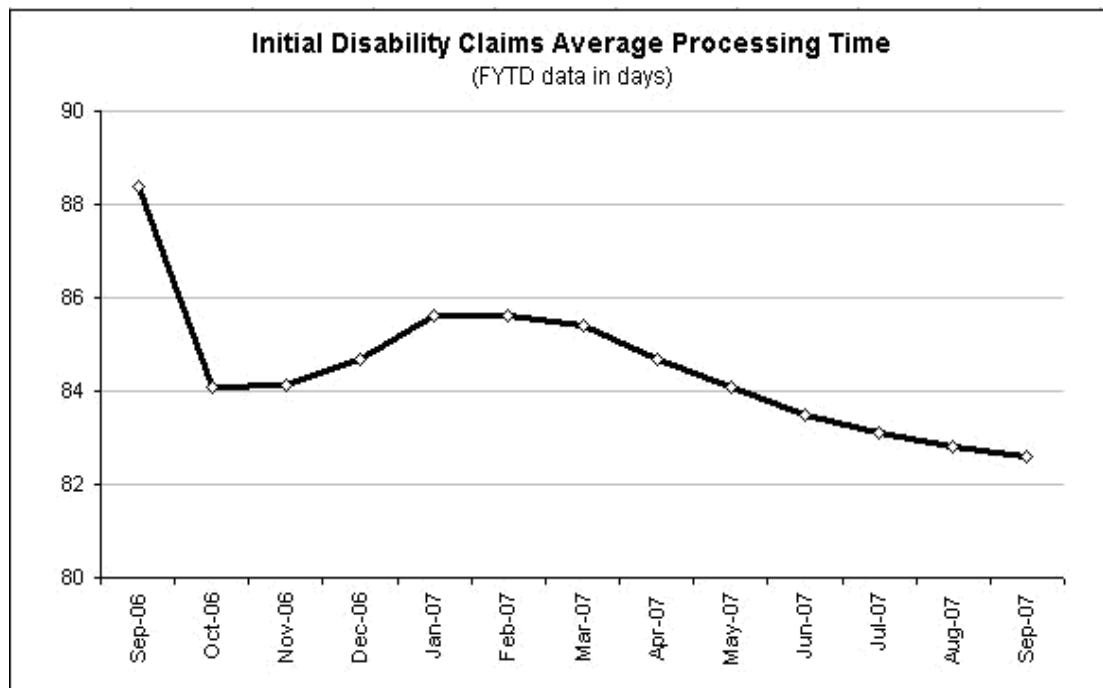
State-Level Agency Impacts

Disability application rates are increasing significantly creating higher caseloads for Disability Specialists. This results in tremendous backlogs for the Disability Determination Services agency. For decades there has been national concern over increasing claims, longer processing time, and the cost of the program. “Congressional and SSA concern with DI funding problems led SSA officials to endeavor to influence state agencies to tighten their screening procedures” Marvel 1982, 407). Increasing applications necessitate increasing staff and work hours to keep up with the demand.² Ultimately this creates a more costly program, even without an increase in allowance rates. The following figure illustrates improvements in the national average processing

² The author is a Disability Specialist with first-hand knowledge and information.

time for initial disability claims in the past few years. The Texas DDS average processing time is sixty-two days compared to the national average of eighty-three days. There is a single DDS agency handling all of the disability applications in Texas. Texas DDS exceeding the national average in performance is attributed to exceptional hiring and training of staff. Training Disability Specialists can take nine months to a year. In addition to the thorough training Texas DDS has an efficient electronic workflow process along with an electronic medical records system. Recently, a Disability Liaison Specialist was hired to improve communication and workflow between the Social Security Administration Field Office and Texas DDS. Texas DDS continues to implement innovative and efficient workflow processes leading the way for other DDS agencies across the country (March 2010 DDS Newsletter).

Figure 1.1: National Average Processing Time for Initial Disability Applications



www.ssa.gov; Tuesday, October 9, 2007, Mark Lassiter, Press Officer; SOCIAL SECURITY News Release: “Social Security Administration Attacks Disability Backlog”.

In a 2007 news release, Michael J. Astrue, Social Security Commissioner,

announced the Social Security Administration had made progress in the 2007 fiscal year (FY) toward expediting decisions on disability claims. Stating the “goal is to build upon this year’s achievements and, with the support of Congress, continue to improve the service we provide to millions of disabled Americans”, also “without adequate support from Congress, however, we will not be able to make further progress – and we may even lose ground” (Lassiter 2007, SSA News Release). Since the inception of the disability program, there has been disagreement about the allocation of benefits. The SSA disability program is costly but it provides necessary services to many citizens. The next section will provide historical background of the program.

Research Approach

The focus of this study is not bureaucratic fiscal responsibility or economic conditions surrounding the Social Security Administration and Disability Determination Services. The focus of this research is on behavior and decision-making trends. Are people more inclined to apply for disability when there are few opportunities for employment? Will Disability Specialists be more sensitive during times of high unemployment evidenced by increasing allowance rates? Will Disability Examiners refer more suspicious applicants to fraud investigations because of increasing deceptive claims? Clearly some decisions are black and white. Either an individual meets a “listing” or is significantly impaired so that they are unable to return to the workforce. On the other end of the spectrum there are individuals who apply because they broke their thumb. They do not qualify for benefits.

This study focuses on individuals who decide to apply for benefits without permanently disabling conditions. Some individuals apply because they need

supplementary income while they seek employment. More frequently applicants list the reason for not working as being laid off and not due to a disabling condition. The job of a DS requires consistent interpretation of the policy and not base decisions on tough employment conditions. When the vocational step in the decision making process is reached there is no consideration for high unemployment rates. Also this study looks at those applicants who go to great lengths and pretend to have a disabling impairment so they can collect a check instead of working. This makes the job difficult and requires administrative discretion and sometimes fraud investigations. The next section describes the research setting for this paper.

Research Setting

The issue of increasing disability applications and higher allowance rates is an important topic because many economists, policy makers, and citizens are concerned about the future of social welfare programs as well as the national debt. The programs are put in place by the federal government to provide a social support system for its citizens. Citizens seek services when they are unable to provide for their own needs. The disability program provides benefits and financial support to disabled individuals who are unable to engage in substantially gainful activity (SGA). Meaning the disabled person is unable to make a living working due to their disability. The benefits and financial support from the disability program attract more and more applicants who are able to engage in SGA but may not have job opportunities. Disability applications from some claimants more often have the reason for not working as being unemployed. Hiring more Disability Specialists and overtime hours are necessary to handle increasing applications. Increasing costs drain resources funding for the future. Insufficient funding for social welfare programs is an

alarming situation and an issue that must be addressed.

One of the agencies functioning under the Social Security Administration umbrella is Disability Determination Services. The Department of Assistive and Rehabilitative Services (DARS) Division for Disability Determination Services (DDS) serves disabled Texans. DARS DDS makes disability determinations for Texans with severe disabilities. These individuals can apply for Social Security Disability Insurance and Supplemental Security Income. Texans with disabilities apply for benefits at their local Social Security Office and their applications are forwarded to DDS for a disability determination. The Social Security Administration administers two disability programs, assisting those who are unable to work because of severe physical or mental impairments. The disability benefits provide income and medical insurance to supplementing the income an individual or their family loses when they become disabled.

The first program is Social Security Disability Insurance (SSDI). It is related to work. A person earns coverage for themselves and family members by paying Social Security tax. The program covers workers who are disabled, disabled widows/widowers and disabled adult children of workers. The second disability program is Supplemental Security Income (SSI). It is related to an individual's assets and is meant to assist impoverished members of society. Individuals with limited assets and with little income may be able to qualify for this program. Income and resources possessed are considered. This program covers adults and children who are eligible. Federal law and the Social Security Administration provide the instructions used to determine whether a person is disabled. So, a person filing for disability in one state is evaluated using the same guidelines as a person filing in Texas.

Disability applications are distributed as electronic cases to individuals employed by DARS DDS. The job responsibility of a Disability Specialist (DS) is to adjudicate individual disability claims based on legal and medical policies provided by the Social Security Administration. Each state has an agency assigned with the task of making the determinations. Texas has the Department of Assistive and Rehabilitative Services (DARS) Disability Determination Services (DDS) responsible for making SSI and DI disability decisions. The DS is considered a street-level bureaucrat implementing the policies of the agency on a day-to-day basis. Disability determination is an extremely complex process impacting many Texans. The increasing disability application rates along with the intricate decision-making process make the topic an interesting and relevant research project. Following is the research purpose and an overview of each chapter.

Research Purpose

The purpose of this paper is to explore³ three areas of behavior and decision-making pertaining to the Disability Determination Services program. Specifically this study explores relationships between unemployment rates and Texas Disability Determination Services (DDS) application rates from 2000 to 2009; relationships between Texas Disability Determination Services allowance rates and application rates from 2000 to 2009; and relationships between Texas disability Determination application rates and Cooperative Disability Investigations (CDI) Program fraud referral rates from

³ For additional exploratory related studies, Texas State University Applied Research Projects, see Blank (2006).

Texas DDS from 2001 to 2009. This research does not study individual people but aggregate behavior of people and bureaucratic response.

Chapter III: Literature Review

There are numerous theories and research discussing bureaucratic decision-makers who work directly with applicants. The purpose of this chapter is to review the research on decision-making from individual applicants, agency employees, and agencies as bureaucratic organization. Ultimately the literature review presents a foundation and discussion of research surrounding (1) labor force participation trends and how declining labor force participation impacts disability applications; (2) street-level bureaucrat's decision-making in response to increasing applications; and (3) reasons for fraudulent applications and bureaucratic reactions.

“Street-Level” Bureaucracy

Bureaucratic agencies employ Disability Specialists to implement decisions. Individuals employed at these bureaucratic agencies are responsible for carrying out the day-to-day activities to accomplish the mission and goals of the agencies and programs. “Street-Level” bureaucrats interact directly with the applicants. Street-level bureaucrat is a term referring to public agency employees who actually perform the procedures to implement the law. They are “public service workers” interacting directly with citizens who have “substantial discretion in the execution” of their job duties (Lipsky 1980, 3). Interacting directly with the public the service provided is “most often immediate and personal” and “determinations are focused entirely on the individual” (1980, 8). Discretion is the source of the street-level bureaucrats power. So “unlike lower-level workers in most organizations” they have “considerable discretion in determining the nature, amount, and quality of benefits and sanctions provided by their agency” (1980, 13) Specifically, this study will focus on Disability Specialists at the Texas Disability

Determination Services and how they function as street-level bureaucrats making disability determinations.

In dealing with the concerns and pressures of decision making at the point of service delivery, street-level bureaucrats often “frustrate the rational achievement of formal program goals” (Maupin 1994, 337). Overwhelmed by applications and vague policies, street-level bureaucrats must handle caseloads, or rolls of beneficiaries. The term “rolls” in a public service bureaucratic agency refers to the number of individuals in the system applying for and receiving benefits from that program. Policymakers all the way down to street-level bureaucrats are working toward a common goal, to serve the public in need. When agencies and employees become overwhelmed with caseloads they focus on meeting quotas and staying within budget. Overwhelming workloads can cause agencies to lose sight of the ultimate goal, which is providing the best service to the applicants.

Disability Specialists have frequent interactions with applicants, also known as “claimants”, over the phone to discuss their case. The next sections will examine reasons people apply for benefits creating higher caseloads.

Unemployment Issues: Changes in Labor Force Participation

Labor force participation is defined as the share of the adult population that participates in the labor force by either working or looking for work. Review of social and demographic trends contributing to labor force participation rates answers the question whether workers increasingly respond to adverse labor demands by exiting the labor force all together and seeking income support from programs such as Social

Security Disability insurance. A review the social and demographic trends contributing to labor force participation rates in the second half of the twentieth century addresses the phenomenon of workers increasingly responding to adverse labor demands by exiting the labor force all together. Workers chose to apply for benefits rather than entering unemployment (Juhn and Potter 2006, 28). Findings suggest over the past three decades there has been a decline in the demand for less-skilled workers in the labor market. The decline in demand results in wage decreases among less-skilled workers and a significant decline in employment of less educated workers (2006, 37). Also, research reveals those who report disability or illness as a reason for not working continues to grow over time. Evidence suggests a tremendous increase during the 1980s in “the rise in disability rolls and nonparticipation rates” around the time “liberalization of eligibility rules” occurred (2006, 38).

There are significant work disincentive effects associated with the disability program. The expansion of the real SSDI benefit levels over the last several decades only made a modest contribution to the decline in the labor force participation rates (Kreider 1999, 818) Estimates of the increase in real SSDI benefit levels between 1968 and 1978 were responsible for roughly about a one-third decline in male labor force participation rates during that time period. Findings suggest substantially greater responses to changes in program leniency. (1999, 818) Increases in benefit dollar amounts and a higher chance of being approved for disability have enticed individuals to leave the labor force and seek Social Security Disability benefits.

What besides the availability of generous SSDI benefits induces individual to apply for disability compared to individuals who are otherwise able to remain in the labor

force? The decision to apply for disability is sensitive to the labor market opportunity cost of applying for benefits. Increasing applications during tough labor markets may indicate the decision to apply is discretionary not solely based on disabling impairments. (Marvel 1982, 393-394) Results from an economic analysis reveal an important subset of potential SSDI beneficiaries decide whether or not to apply based on economic circumstances and their likelihood of being allowed benefits and deemed unable to work. The study focuses on “the extent to which the availability of generous DI benefits induces applications” from individuals who are able to continue in the labor force. Empirical estimates are computed from an applicant supply function using state data on application rates, economic conditions, mortality, and DI program characteristic (1982, 393). “The empirical estimates show that the current division of responsibilities between federal and state authorities has resulted in interstate differences in denial rates conditioned by political climates in the various states” (1982, 411). Also the “stringency” in policies did not appear to have discouraged a significant number of SSDI applicants. However, there has been inequitable distribution of access to benefits across states (1982, 411). Local economic conditions and applicant’s perception of their probability of success impact disability application rates ultimately leading to an increase in agency rolls (1982, 411).

A Rise in the Rolls (Increasing Application Rates)

In addition to a labor force decline, a direct relationship to increasing rolls and employment and employee behavior exists. The “road to disability benefit status begins with a health condition;” however, “the transition onto the disability rolls is also influenced by the social environment faced by those with disabilities” and the “personal and economic characteristics of individuals, as well as by the government policies and

labor market conditions they face” (Burkhauser 1999, 590). An employer’s effort to make working conditions disability friendly and accommodating significantly reduces the speed of applying for benefits (1999, 589). These findings are unique from labor force declines in which the individual may not have a significantly disabling condition. The previous section address labor force declines for individuals who may not be classified as disabled under the Disability Determination Services definition. However an interesting phenomenon exists of those who meet the DDS definition of disability and continue to work. The willingness of an employer to accommodate the disabled employee plays a significant role in delaying the worker’s application for benefits. With proper accommodations a worker can continue working and postpone applying for disability benefits (1999, 598). Research estimates find the percentage of men applying within the first five years following the onset of a work-limiting condition would decline from around forty-eight percent to around thirty-five percent if employers provided accommodation at the onset of the disability (1999, 607).

An employer however, may be inclined to encourage the disabled to seek government benefits rather than working so the company can avoid extra costs. On the contrary, disabled employees may seek benefits rather than working even with work accommodations. Disability benefits may be more financially favorable in some instances. Research suggests that the greatest impact of the federal government’s policy remains on income transfer rather than employment protection for permanently disabled workers (Burkhauser and Daly 2002, 214). With the passage of the Americans with Disability Act of 1990, it is reasonable to believe that disability rolls would decline. This research is interested in those who apply not because they are in fact disabled but because of economic conditions and perceptions of success in applying.

Efforts made encouraging disabled individuals to continue working have not made a significant decrease in disability rolls. Policies have become more lax, and even work capable disabled and non-disabled individuals choose to apply. There are three reasons for the rapid expansion of Social Security Disability rolls (Autor 2006, 71). The first is a set of congressional reforms in 1984, which began screening back pain and mental illnesses differently. These allegations have low mortality rates and long life expectancies so those individuals remain on the benefit rolls for many years once allowed. The second is the rise in after-tax Disability Insurance (DI) income replacement rate, which is the “ratio of disability income to former labor earnings” (2006, 71). The increase in income replacement encourages workers to seek benefits rather than continuing to work. There is a substantial increase in the real value of the benefits received over the years. The third is the rapid increase in female labor force participation expanding the pool of insured workers. Now more females have work credits and can apply for disability benefits without a spouse under Social Security Disability Insurance (SSDI) rules. SSDI rules require an applicant to “pay into the system” by working and paying taxes. During the last century more women began working and earning an income, which they pay taxes on, making them eligible to apply for disability benefits.

Some individuals decide to leave the labor force because they can receive just as much money, if not more, from disability checks rather than working a low-skilled minimum wage job. An individual’s choice to apply and persist through the “time-consuming and demanding process” is influenced by the extent of the person’s “disability, financial need, and access to information and assistance” (Bilder and Mechanic 2003, 77). These factors also impact one’s success at being allowed benefits. Ideally benefits programs such as Social Security Disability Insurance and Social

Security Insurance aim to provide assistance for those who most need it without encouraging those who can work to leave the workforce or to stop looking for work. There should be a balance between meeting valid needs and encouraging work in the administering of the eligibility process and the means by which individuals are made aware of the disability programs (2003, 76). There continues to be a lack of gainful employment to satisfy the demand. Unemployed individuals applying for disability benefits create a backlog in the Disability Determination Services program. Qualified disabled applicants are forced to wait months longer due to the increase in applications.

Mental illnesses cause much frustration in the Disability Determination Services program. Research focusing specifically on persons with mental disorders and their pursuit in applying is a great example of how the process works. This paper will not focus on any particular impairment; however, the research surrounding mental illnesses introduces extremely important arguments and suggestions for benefit programs and agencies. The applicant is required to demonstrate the extent of disability as well income and resource limitations, unless they have work credits. Mental illnesses are unique because it is an impairment that varies in degree. In addition to mental illnesses ranging from mild to severe, some applicants pretend to have mental impairments. The medical term for faking a mental illness is malingering. Malingering is sometimes difficult to detect. Evidence to support the disabling illness is often subjective and sporadic making it grueling to determine each claim. Family members frequently encourage persons with mental disorders to apply (2003, 78).

In addition to an apparent disabling condition and influence from family members prompting individuals to apply there is a theory of disincentive effects on working. Men

who decide to apply for benefits tend to be less educated and nonwhite. Less educated nonwhite men tend to be in worse health and engage in more demanding jobs than the overall population (Bound 1989, 487). Also some of these workers have a weak labor force attachment initially in addition to health limitations and low earnings (1989, 491). It is reasonable to infer some benefit seekers apply because there are few viable opportunities for income in suffering economies for individual who have low skills and poor educations.

With the declining national economy and decreasing low-skilled jobs, it is important to examine factors affecting the growth in the Social Security Administration's disability programs using the State unemployment rate as an independent variable (as a measure of the business cycle) (Rupp and Stapleton 1995, 46). A decline in labor-force participation is positively associated with initial determinations and awards. The results are derived from using the labor-force participation rate as an independent variable to capture the negative, cyclical effect of discouraged workers leaving the labor force during recessions (1995, 46). Results using annual pooled cross-sectional/time series data for States from 1980-1993 suggest the impact of a change in unemployment begins in the year of the change but is greatest two years after the change. Holding the unemployment rate constant, during a recession a decline in labor force participation is associated with a significant increase in initial determinations. The estimate tends to understate the effects of the unemployment rate (1995, 51). This paper will conduct a similar study focusing on Texas and its unemployment rates, disability application rates, and allowance rates. In addition to unemployment influencing applications, there are some common characteristics of applicants for disability. The next section will discuss some characteristics of applicants during times of high unemployment.

Who Are the Claimants Causing a Rise in Application Rates?

Applicants are more likely to be male, nonwhite, older, living alone, not living with a spouse, less education, and lower income (Bilder and Mechanic 2003, 88-89). Using data from the 1994 and 1995 National Health Interview Survey on Disability (NHIS-D) and the Core National Health Interview Survey (NHIS), which includes data sets from doctor visits and hospital files on applicants. Self-reported disability was also an important predictor in applying. Those who reported general work disability and specific problems with activities of daily living were more likely to apply for benefits. Individuals who reported they were unable to work were over nine times more likely to apply for benefits than those who did not report any work disability (2003, 99). Poverty tends to lead to inadequate health insurance, poor nutrition, and inadequate housing, which consequently leads to poor people more often experiencing poor health prompting them to apply for disability benefits (Keiser 1999, 98). With increasing job loss, individuals with the previously mentioned characteristics of likely disability applicants continue to grow. Bureaucratic agencies and workers must make decisions how to respond.

Based on the literature, the working hypothesis suggest there is a positive relationship between high unemployment rates and an increase in the number of Social Security Disability applications in Texas. As unemployment rates increase, the disability application rates in Texas also increase.

Administrative Discretion: Determination Rates

“Max Weber conceptualized an ideal type bureaucratic organization that would eliminate discretion through such structural features as a rigidly defined hierarchy with

comprehensive and exhaustive rules to govern administrative behavior. Such an organization would reduce administrators to nonpolitical cogs in a machine” (Hibbeln and Shumavon 1983, 124). The reality is day-to-day decision-making requires discretion on the part of individuals within an agency. Employees of agencies, especially street-level bureaucrats, are not mindless drones and must deal with a variety a situations and problems not rigidly defined in a policy. Disability Specialists have an extremely difficult task making determinations with changing policies. Disability Specialists must make decisions within specific guidelines and policies. The policies and guidelines are limits to discretion, however the final decision and the disability determination within certain parameters is the job of the Disability Specialist.

The liberalization of the 1984 reforms in the Social Security Act greatly increased the complexity and the subjectivity of the disability benefits screening process. In the 1970s and early 1980s before the reforms, the disability determination screening process focused mainly on objective medical findings and gave little weight to subjective reports of “nonverifiable symptoms such as pain and mental disorders” (Autor 2006, 87). Disability Specialists are now required to evaluate applicant’s vocational functioning as well as self-reported allegations of pain and mental illness. The applicant’s subjective allegations are taken into consideration when making final determinations and must be taken as the truth, unless there is contradicting evidence to suggest the applicant is not credible. Doctor appointments are ordered for claimants who have insufficient evidence to support their allegations called “consultative examinations”. X-rays, blood work, vision tests, and other medical exams are pain for by the agency to assist the applicants. The exams are used to support or refute the alleged limitations. The cost and expense of paying for exams and the time to wait for the results is another drain on the Disability

Determination Services resources when non-disabled individuals apply. However, with the objective evidence to handle the subjective allegations, the Disability Specialist's administrative discretion is supported with evidence.

Administrative discretion is necessary to give street-level bureaucrats the authority to make determinations for the applicants intended to receive the benefits. From the street-level bureaucrats who make decisions directly impacting applicants, to the administrators of the agencies who must translate vague legislative policies into organizational procedures, discretion is a crucial part of a public administrators' job description (Sowa and Selden 2003, 700). Findings suggest there is a positive correlation between the level of discretion influencing administrative decision-making and expectations placed on the employee (2003, 707).

Disability Specialists are sometimes encouraged to increase allowance rates by reviewing older applicant's claims and considering all possible vocational limitations to them reentering the workforce. Studies suggest states with a "high number of people between the ages of fifty-four and sixty-four, and lower family income have higher numbers of recipients of Social Security Disability than states without these characteristics" (Keiser 1999, 99).⁴ Although there is a variation in implementation of the Social Security Disability program amongst the fifty American states, there is an incentive to increase the number of disability recipients because funding allocations from the federal government are based on the demand for the program (Keiser 1999, 87). States have an incentive to shift the financial burden to a federally funded program such as Disability Determination Services (DDS). So "through the influencing of street-level

⁴ In this research paper hypotheses are developed based on individual level behavior to examine aggregate level data for applicants and agency decision-making.

discretion, the state can shift citizens who are in need to Social Security Disability from more costly programs” such as Aid to Families with Dependent Children (AFDC) (1999, 95-96).

External as well as internal agency pressures can influence a street-level bureaucrat’s administrative discretion. The phrase “unbureaucratic personality” is the willingness of an individual to bend rules, and be influenced by individual and workplace attributes. The individual attributes include nonconformity, risk propensity, and public service commitment. The workplace attributes suppressing unbureaucratic personalities are thought to be formalization and centralization (DeHart-Davis 2007, 892). Public servants bend rules to please their customers who are citizens requesting assistance. Also the bureaucrats apply a tremendous amount of discretion, which may include rule bending to achieve governmental results. Cutting through some of the perceived bureaucratic red tape common in bureaucratic agencies is a main reason for rule bending. Individuals reporting commitment to public service have been “indoctrinated” to the moral code of “consistent rule application”. This street-level bureaucratic worker is inclined to equitably provide public goods and services (2007, 900).

Perception of Services Provided

How does the public generally perceive street-level bureaucrats? What is the public’s perception of the decisions made by street-level bureaucrats? A common perception of bureaucrats is that they are “small-minded pencil pushers who can reject or approve an application for no better reason than the fact that your existence has somehow annoyed them” (Bovens and Zouridis 2002, 174). Bureaucrats are public-service workers in liaison positions between applicants and large “decision-making

factories”. Typically street-level bureaucrats have some discretion about whether or not to adhere strictly to rules or how the rules are interpreted on case-by-case bases (Bovens, Zouridis, 2002, 175). Recently Disability Determination Services implemented paperless processes making many job functions entirely electronic. Along with a “sequential evaluation” the step-by-step disability determination process, the decision capability of Disability Specialists is ordered but flexible. Even with some rigid policies and electronic checks and balances Disability Specialists have some discretion. This individual discretion leads to some inconsistencies in determinations and possible allowance rate variances.

Along with discretion impacting street-level bureaucrats consistently applying agency policies, the increasing workload pressures may contribute to a rise in allowance rates. The increase in allowance rate can be attributed to the procedures adopted in 1992 by SSA to expedite the decision process making. The procedures adopted make it less time consuming for street-level bureaucrats at DDS to allow older applicants. A denial requires more lengthy explanations about educational and vocational factors influencing the decision. Rather than denying an older applicant and write a lengthy rationale, Disability Specialists sometimes create a more functionally limited Residual Functional Capacity (RFC) of the applicant. The physical RFC and the mental RFC are decided on Disability Specialists and doctors contracted by the agency. The RFCs are the foundation for the decision and summarize the claimant’s limitations and abilities to sustain employment. Many applicants are over 50 and it can be more difficult for older individuals to find employment. Disability Specialists must explain each determination and denying an older applicant requires a more detailed explanation. Disability Specialists experiencing overwhelming workloads may be inclined to exploit the

streamlined procedure for likely allowances to make quick easy decisions (Hu et al. 2001, 353).

However econometric models reveal much less award growth, allowances, than applications growth. Research about application increases from 1988 to 1992 reveals a fifty-eight percent growth of DI-SSI concurrent application growth for men, and forty-six percent concurrent application growth for women. Growth in 1988 to 1992 for SSI only applications for men was fifty percent and for women thirty percent (Rupp and Stapleton 1995, 55). There was a twenty-three percent DI growth in awards and seven percent increase in SSI award growth from 1988-1992. The small amount of award growth compared to the application growth suggest disability program screens marginally qualified applicants enticed to apply because of increasing unemployment rates and other factors including cuts in other social welfare programs (1995, 55). Further analysis finds that even though allowance rates increased from 1988-1992 when the econometric predicts that it should have declined, it strongly confirmed the analysis that recessions have a negative effect on allowance rates for 1980-1993 (1995, 55).

Based on the literature, the working hypothesis suggests there is a negative relationship between higher application rates and decreasing Disability Determination Services program allowance rates in Texas. As application rates increase, the Texas DDS program allowance rates decrease.

More Applicants, More Potential for Fraud

With tremendous growth in application rates, it is extremely important that unqualified applicants are identified as early as possible in the determination process. The disability field office attempts to screen out claimants who do not technically qualify

based on work credits, income and resources, or citizen status. The screening based on technical qualifications is a very rigid, black or white, yes or no decision. The field office representatives screening helps decrease the number of claims sent to DDS for determination. The field office determinations do not require much discretion. This study does not include the applicants denied at the field office for technical reasons such as exceeding income restrictions. This study is concerned with the initial level applicants who make it past the field office to Disability Determination Services. Once the claim reaches DDS, evidence is gathered to support or refute alleged disabilities. Claimants must cooperate and furnish information proving their claim of disability.

Claimants attempting to prove their disability sometimes exaggerate limitations. Providing misleading information is fraud. The propensity for fraudulent applications increases with desperation. As the economic situation continues to worsen, citizens seek financial relief wherever they can. Growth in applications is a major concern because resources are limited, and the funds for the disability program are specifically for the disabled. The ultimate policy question is: How successful are these programs at providing a safety net for disabled persons who cannot work (Bilder and Mechanic 2003, 77)? Are public service programs such as SSI and SSDI successful at preventing deceptive individuals from acquiring benefits so that resources remain available for those who need it?

SSDI is an insurance program and it should be extended to only those who are “covered” and unable to engage in substantial gainful employment because of a severely limiting impairment (Howards and Brehm, 1978, 11). Initially debate surrounded the passage of the disability insurance program concerning the political viability of the states

in our federal system. There was an increased likelihood that “needy applicants” would apply for and receive benefits. The term “needy” refers to financially reliant, not disabled. Studies confirm that a substantial portion of the interstate variation in application rates depends on the level of poverty and the condition of a state’s labor market (1978, 21). People seemingly doomed to work in low paying jobs seek to supplement their miniscule income with government assistance programs.

“Why would so many ostensibly destitute people decline to work for welfare?” (DeParle 2004, 168) A considerable percent of people who claim to not work actually do. One of the eligibility requirements for many programs is to have little to no earnings. One of the major forms of cheating the system is to collect a check and work. Some social services recipients engage in moneymaking activities such as “babysitting or doing a friends' hair”, while failing to report it to the agency they are collecting from (2004, 168). Some people never get a chance to achieve the “American dream” and do not have desire to achieve the “building blocks of middle-class life” to “finish school; keep a job; form a stable marriage” (2004, 74-75). Some individuals detached from the “dream” often end up in a cycle of low paying jobs and public assistance. Reasons for cheating the system do not excuse fraudulent activity. This study aims to discover if Disability Specialists are more inclined to report fraudulent applications. Street-level bureaucrats are aware of the social and economic difficulties facing applicants and must decide who is allowed, who is a fraud, and who to deny.

Current “paternalistic disability policies” trap many people with disabilities into poverty by devaluing their often-substantial ability to contribute to their own support by working (Stapleton et al. 2006, 702). Often the policies do not promote adequate financial

self-sufficiency and fail to take advantage of the productive abilities of people with disabilities. There is a “moral hazard” in the DI program, and the effectiveness of the screening process in distinguishing meritorious applicants from non-meritorious applicants (Autor 2006, 73). It is extremely difficult to evaluate objectively the work capacity of allowed applicants. Disability is not a medical condition, it is a “dividing line (or zone)” decided upon by policymakers. The zone determines the applicant’s capability to engage in paying work, and limitations do to pain and discomfort while working (2006, 86). Deeming someone work capable does not ensure his or her next step will be seeking employment.

Rejected applicants were not significantly more likely to return to the workforce in the 1990s than in the 1970s (2006, 86). The failure to return to work suggests rejected applicants may not be any more work capable or willing than in past years. Also, labor market conditions for those most likely to apply for benefits have declined sufficiently so that even applicants who would have been capable of working several decades ago are currently unlikely to find employment. Studies attempt to evaluate the extent benefit insurance entice individuals capable of working to apply instead of working. The study examines what share of DI applicants would be working in the absence of an assistance program (2006, 86). Research from 1989 found a fraction of applicants for DI return to work after their application is taken and denied. The ability of the applicants to return to work is an estimate of the work capacity of the rejected disability applicants. The presumption is that the denied applicants are more work-capable than applicants who are allowed benefits. There is some bias in these findings, underestimating the disincentives for applicants to return to work. Rejected applicants may simply be reapplying or unable to secure employment because skills and opportunities have diminished during the

lengthy waiting period of applying. The most profound reason non-disabled individuals attempt to cheat is because they lack marketable skills to effectively compete in the labor force, leading them to file false claims (Autor 2006, 86). A “growing fraction of discouraged and displaced workers are seeking disability benefits” between 1984 and 1998 in response to “adverse labor market shocks” (2006, 87).

There is a distinction about the definition of “work disability”. Individuals become disabled only when they stop working after the onset of a chronic illness or impairment. The common usage of the term work disability is incorrect when it is defined in terms of an individual’s actual work status, and the disability does not coincide with a health precluding work or a medical condition as the primary cause for withdrawal from work (Yelin 1989, 114-115). So claimants can fake the severity of a medical condition as well as present false vocational abilities such as lacking academic achievement, omitting job certification and training experience, or even lying about having a degree or diploma. The disability benefits program is the only universal program for which entitlement criterion is open to interpretation (1989, 116). There is an ebb and flow of leniency and strictness in the disability program.

DDS’s treatment of applicants as well as current recipients affects the thinking of potential applicants. This treatment can cause the number of applicants to rise or fall based on perceptions of likely success (1989, 143). The major concern with the disability program is that the lack of labor-force participation is the leading cause of a more general withdrawal from work. In addition to the increasing withdrawal from work, the SSDI program entices those who are not really disabled to claim they are. Another concern is the SSDI program creating a standard of income replacement with substantial repercussions for nondisabled workers resulting from a decline in real wages (Yelin,

1989, 157). The monthly cash benefits are increased yearly. The real wages paid to workers do not consistently increase with the cost of living. For some low-skilled, low-paid individuals the benefit amounts may exceed the real wages.

Application Screening Problems: Are Fraud Referrals Increasing?

The preceding section highlights the main reasons why some people are drawn to file false disability claims. What can be done to prevent the fraudulent applicants from being allowed? When reform to the program were being discussed it did not matter “whether allegations of fraud, abuse, and perverse incentives were true” the “fact that they existed at all undermined the perceived ‘deservingness’ of certain disabled beneficiaries”. The presence of fraud in the program directs attention away from the needs of disabled “towards an inherent slipperiness of disability’s categorical boundaries” (Erkulwater 2006, 200). The fact that even one “undeserving” individual is granted disability benefits infuriates some people (2006, 200). Because some of the steps in the screening process can be subjective, it is open to interpretation what applicants deserve benefits.

Is there a flaw in the system? Most research and studies suggest that there are inherent flaws in the process for screening applicants for benefits in a bureaucratic system. It is assumed that the rejected pool of applicants is healthier and more work capable than allowed applicants (Bound 1989, 484). Data collected from the 1972 Survey of Disabled and Non-Disabled Adults and the 1978 Survey of Disability and Work suggests rolls are rapidly expanding. The increase in benefit recipients indicates Social Security Administration is losing control of the system and many of the benefit recipients may not in fact be disabled according to the SSA program definition (1989, 483). There

is a decline in labor force participation rates of older men coinciding with an increase in the proportion of older men receiving DI benefits almost exactly from 1955 to 1985 (1989, 483). This decline suggests a causal connection between the availability of generous disability benefits and decreasing labor force participation. Studies have already linked labor force declines to increasing rolls inferring benefit award abuse. This research paper will focus on actual fraud referrals from street-level bureaucrats working the cases to display trends in potential abuse.

Street-level bureaucrats are criticized for their inability to spot fraud in the process. At the operational level, the Social Security Administration has become increasingly less effective at denying applications that fail to meet allowance criteria (Autor 2006, 87). Again, the 1984 reforms are criticized for changing the program from a disability program to a “nonemployability” insurance program. The term “nonemployability” means a portion of the allowed applicants are not “disabled” with medical impairments, but they are not likely to find employment due to a combination of medical and vocational factors (2006, 87). A structural problem in the bureaucratic process is not deflecting aggressive claimants from receiving benefits. A 1996 provision disqualifies claimants whose primary allegation for disability is drug or alcohol addiction. Excluding substance addiction lead to the termination of over one hundred thousand beneficiaries. However, two-thirds of these same claimants later re-qualified for benefits under different impairments (2006, 87). Also, economic theory suggests the anticipated probability of award and future benefit streams impact applications, and, as a result, changing eligibility rules and their enforcement may be important directly in determining not only awarding benefits, but also the pool of applicants (Rupp and Stapleton 1995, 54). Discretion on the part of street-level bureaucrats can either determine those

reapplying under new policies as frauds or re-allow.

The Determination Process

Without the multistage structural approach to determining claims, the effects of many health, disability, and vocational factors are not easily discernible (Hu et al. 2001, 348). This multistage structural approach is called “sequential evaluation”, and it is difficult to estimate the impact of more objective survey health variables such as functional limitations and activities of daily living on the determination outcome (2001, 358). Doctors are a critical part of the benefits decision process. Physicians who provide exams for SSA were surveyed as well as a random sample of doctors who do not. Results suggest that both group of doctors were skeptical of the claims of disability applicants, forty-eight percent of the contracted doctors felt that a majority of the applicants could work, and fifty-five percent of the non-contracted doctors had similar sentiments (Carey et al. 1987, 267). The doctor’s opinions can carry a heavy weight on the ultimate determination. Also, reports submitted by DDS contracted doctors from consultative examinations claimants attend can give Disability Specialists insight on fraudulent conditions from experts.

Based on this literature the working hypothesis suggests there is a positive relationship between increasing application rates and increasing fraud referral rates to the Cooperative Disability investigation (CDI) Program. The third hypothesis is this research paper suggests there is a positive relationship between increasing application rates and fraud referral rates to the Cooperative Disability investigation (CDI) Program.

Based on the literature, the working hypothesis suggest there is a positive relationship between high unemployment rates and an increase in the number of Social

Security Disability applications in Texas. As unemployment rates increase, the Texas Disability Determination Services application rates also increase.

Conceptual Framework

This chapter has detailed research, analysis, and theories about increasing application rates for benefits, how bureaucracies respond, and fraudulent applications. There has been an obvious increase in application rates over the years. It will be interesting to determine if there is a significant spike in applications during times of high unemployment in Texas. Also, since Texas is a conservative state it will be interesting to see how allowance and denial rates vary during times of high unemployment. West contends that the most significant problem presented by bureaucratic discretion is bureaucratic discretion conflicting with our fundamental beliefs about institutional limitations and responsibilities. The essence of representative democracy is that institutions directly responsible to the people should exercise such authority (West 1984, 340). The last concept discussed in this chapter is fraudulent applications and awards for benefits. Measuring the growth in fraud referrals during times of high unemployment will provide some indication of bureaucratic response, as well as the amount of undeserving applications filed. The conceptual framework outlines the three main topics and influencing factors that will be measured.

Conceptual Framework Table

Table 2.1, The Conceptual Framework Table, summarizes the three working hypothesis presented in this chapter and the scholarly literature to support those arguments. The purpose of this study is to first determine if there is a positive relationship between unemployment rates and increasing disability application rates at Texas

Disability Determination Services. Second this study will explore the relationship between application rates and changes in Texas DDS allowance rates. The literature and suggests there is a negative relationship between the two variables. The third purpose of this research suggests there is a positive relationship between higher application rates and higher numbers of fraud referrals to the Texas Cooperative Disability Investigation Program.

The purpose of this chapter was to review the body of literature discussing increasing disability application rates, street-level bureaucratic decision-making, and fraudulent behavior associated with applying for public services. The literature and conceptual framework are based on individual level behavior. Based on the individual level behavior working hypotheses are developed to examine aggregate level data for applicants and agency decision-making. The research purpose is exploratory therefore the framework of this paper is working hypotheses.

Table 2.1: Conceptual Framework

Hypotheses	Supporting Literature
<p>WH₁: There is a positive relationship between high unemployment rates in Texas and an increase in the rate of Texas Disability Determination Services applications.</p>	<p>(Autor, 2006); (Bilder and Mechanic, 2003); (Bound, 1989); (Burkhauser, et al., 1999);(Juhn and Potter, 2006); (Kreider, 1999), (Lewin Group, 1988); (Marvel, 1982); (Rupp and Stapleton, 1995); (Stapleton et al., 2006), Department of Health and Human Services</p>
<p>WH₂: There is a negative relationship between higher application rates in Texas and Disability Determination Services allowance rates.</p>	<p>(Autor, 2006); (Bovens and Zouridis, 2002); (Burkhauser, 1999); (Bohte and Meier, 2000); (DeHart-Davis, 2007); (Hibbeln and Shumavon, 1983);(Howards and Brehm, 1978); (Hu et al., 2001); (Keiser, 1999); (Marvel, 1982); (Rupp and Stapleton, 1995);(Sowa and Selden, 2003);</p>

	(Schneider and Jacoby, 2006); (West, 1984); recessions.org, Bureau of Labor Statistics
WH₃: There is a positive relationship between increasing application rates in Texas and the rate of fraud referrals to the Dallas and Houston Cooperative Disability investigation (CDI) Program.	(Autor, 2006), (Bilder and Mechanic, 2003); (Bound, 1989); (Carey et al., 1987); (DeParle, 2004); (Erkulwater, 2006); (Howards and Brehm, 1978); (Hu et al., 2001); (Keiser, Oct. 1999), (Reisine, Fifield, 1992), (Meier May-Jun. 1997), (Rupp, Stapleton, 1995), (Stapleton et al., 2006); (Taibi, 1990), (Yelin, 1989)

The next chapter, Chapter III, is the methodology section. The Research Methods chapter will discuss the methodology for collecting and analyzing the data. To fulfill the research methodology, quantitative data is collected from government agency online databases. Time-series graphs are presented displaying the research results. There is a visual inspection and discussion of time-series data to determine the trends and patterns of multiple variables over time.

Chapter IV: Research Methods⁵

The purpose of this chapter is to describe the research method for this study. The research method is analysis of existing data. The data is raw quantitative data. The data analysis option is appropriate for this study because “quantification often makes our observations more explicit (Babbie 2001, 36). Based on the individual level behavior discussed in the literature review and presented in the Conceptual Framework Table 2.1, working hypotheses are developed to examine aggregate level data for applicants and agency decision-making. The research does not attempt to draw conclusions on specific races or genders. The weakness of quantitative data analysis is “potential loss in richness of meaning” (2001, 36). A qualitative study using surveys might uncover why some individuals decide to apply after becoming unemployed. This research however, seeks to observe explicit trends in aggregate behavior over time. The hypotheses are derived and supported by the literature presented in Chapter II. These hypotheses are based on “rigorous theoretical deductions” as much as on “empirical facts” (2001, 317). Heavily supported theories add weight to the quantitative findings and support the conclusions drawn.

The method, analysis of existing data, uses agency reports and online databases. This is the most appropriate method to address the research question because the data obtained from these reports will provide the most accurate numerical information about unemployment, application numbers, allowances, and fraud referrals in the state of Texas. Each agency is responsible for compiling accurate reports and facilitating its availability to the public. The agency data will cover almost a ten year time period in

⁵ For additional information on research methods see Shields (1998), Pragmatism as philosophy of science: A tool for public administration.

order to show trends over the years making it a time-series study. Data analysis directly connects to the purpose and the framework because the observable trends will show a relationship between the variables unemployment rate, application rates, allowance rates, and fraud referral rates.

The following chart presents the operationalization of the hypotheses from the conceptual framework table in Chapter II. The operationalization table also presents the independent and dependent variable as well as the data sources. The methods and measures presented in this chapter are directly tied to the conceptual framework and research purpose through the operationalization table.

Table 3.1: Operationalization of the Conceptual Framework

Variables	Relationship	Variables	Data Source
<p>WH₁: There is a positive relationship between high unemployment rates and an increase in the rate of Disability applications.</p> <p>Independent variable</p> <p>Texas Unemployment rates</p> <p>Dependent variable</p> <p>Texas DDS application rates</p>	+	<p>1. Unemployment rates: rate of individuals seeking employment, in the labor force, who are unemployed in Texas.</p> <p>(# unemployed Texans / working age Texans)*</p> <p>100= unemployment rates.</p> <p>2. Social Security Disability applications: all initial level applications received in Texas.</p> <p>(# initial applications /</p>	<p>United States Department of Labor: U.S. Bureau of Labor Statistics</p> <p>www.data.gov: SSA State Agency Workload Data</p> <p>http://www.hhsc.state.tx.us/research/dssi.htm#pop</p>

		adult population)* 10,000= application rate	
<p>WH₂: There is a negative relationship between higher application rates and Disability Determination Services allowance rates.</p> <p>Independent variable</p> <p>Texas DDS application rate</p> <p>Dependent variable</p> <p>Texas DDS allowances rates</p>	-	<ol style="list-style-type: none"> 1. Social Security Disability applications: all initial level applications received in Texas. 2. Texas DDS allowances: applications allowed at the initial level in Texas. <p>(# initial allowance / total initial applications)* 100= allowance rate</p>	<p>United States Department of Labor: U.S. Bureau of Labor Statistics</p> <p>www.data.gov: SSA State Agency Workload Data</p> <p>http://www.hhsc.state.tx.us/research/dssi.htm#pop</p>
<p>WH₃: There is a positive relationship between increasing application rates and the rate of fraud referrals to the Cooperative Disability investigation (CDI) Program.</p> <p>Independent Variable</p> <p>Texas DDS application rates</p> <p>Dependent Variable</p> <p>Referrals received by CDI from DDS</p>	+	<ol style="list-style-type: none"> 1. Social Security Disability applications: all initial level Texas DDS applications. 2. Referrals: All referrals to CDI for fraud investigation in Texas from DARS DDS. <p>(# referrals / total initial applications)* 10,000= referral rate</p>	<p>Social Security Administration, Disability Research file</p> <p>CDI unit monthly fact sheet</p> <p>http://www.hhsc.state.tx.us/research/dssi.htm#pop</p>

		Fraud referrals: Receiving more benefits than are entitled, or using those benefits in a manner not authorized by law. Intentional Program Violation Overpayment Concealment: Recipient knowingly misstates or conceals information in order to fraudulently receive more benefits than entitled. Falsification of records: Recipient falsifies records to obtain more benefits than entitled.	
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Working Hypothesis Variables

The unit of analysis for all three working hypotheses is year. Yearly data appears on linear charts. The horizontal axis is in monthly increments. A combination of time-series analysis and “visual inspection” are used to analyze the data. The use of visual inspection as an analysis method is controversial. The opponents of visual inspection argue it “has the advantage of providing a conservative test and that statistically significant but important small changes are not recognized (Park 1990, 312). However, the “joint use of visual inspection and statistical procedures” is recommended when determining significance. A weakness of time-series analysis is that the “relationships are often more complex than” the “simple illustration suggests” (Babbie 2001, 448). However analysis of time-series data “could express the long-term trend in a regression format and provide a way of testing explanations for the trend” (2001, 448). Table 3.1,

Operationalization of the Conceptual Framework, defines the variables and the operationalization of each variable. Babbie defines operationalization as choosing a measurement technique and determining how the variables will be measured. Specifically “operationalization is the process of developing operational definitions, or specifying the exact operations involved in measuring a variable” (2001, 110, G7).

The independent variable for working hypothesis one is unemployment rate. Working hypothesis one explores how Texas disability application rates change over time depending on the unemployment rate. The relationship between the two variables demonstrates how people may be more inclined to apply for disability benefits when they are unemployed. Unemployment may be uncontrollable for some people, but the decision to apply for disability is controllable. The number of out of work Texans seeking employment divided by all working age Texans multiplied by one hundred measures unemployment rates.

The Texas disability application rate is calculated based on population projection statistics from the Texas Health and Human Services Commission (HHSC). The population totals include adult Texans age 19 to 59. The age range 19 to 59 is appropriate because it is considered the adult working age population according to HHSC. People in this age range are old enough to apply for disability independent of their parents, and are young enough that they may not be receiving retirement benefits in most cases. Most applicants for disability are in this age range. The years used for this hypothesis are 2000 to 2009. The total monthly number of initial applications is divided by the adult

population totals from 2000 to 2009 and multiplied by ten thousand.⁶

A similar equation is used for all variables in order to calculate the rate. The total number of initial level applications is used to measure application rates for Texas DDS. Initial applications are new claims filed by individuals. In working hypothesis two, the application rate is the independent variable. In some studies “a given variable might serve as an independent variable in one experiment and as a dependent variable in another” because “the independent variable is the cause and the dependent variable is the effect” (Babbie 2001, 218). The dependent variable, allowance rate, is dependent on the application rate for working hypothesis two. WH₂ will measure Disability Determination Services application rates and the disability allowances rate of Disability Specialists in Texas.

Working Hypothesis three will measure Texas DDS application rates and fraud referrals from DDS to CDI. The independent variable in the third hypothesis is application rates. The dependent variable is CDI referral rates, calculated by dividing the total number of applications into the number of referrals each month and multiplying by one thousand. The actual referral number is small compared to the application numbers per month. The chart presented in the following chapter will scale each variable on a separate axis to compare changes over time. As supported by the literature in Chapter II, changes in applications have a relationship to Disability Specialists referring more claims to the CDI program. CDI rates are dependent on application rates.

These working hypotheses will establish a relationship between the two concepts presented in each hypothesis. According to Shields “working hypotheses (like formal

⁶ Initial application divided by the adult population in Texas results in numbers less than one. So for visual inspection purposes to scale the chart, the numbers are multiplied by ten thousand.

hypotheses) are never proven”, “they are supported with empirical evidence” (2005, 14).

Following is a discussion of the data collection.

Working Hypothesis 1: Unemployment Rates and Application Rates

The first hypothesis will explore the relationship between unemployment and increasing disability application rates in Texas. As discussed in the literature review chapter (Autor, 2006; Bilder and Mechanic, 2003; Bound, 1989; Burkhauser, et al., 1999...), there are significant increases in the number of disability applications during periods of high unemployment. SSI and SSDI benefits are possible resolutions considered by the unemployed, especially the chronically unemployed.

Analysis of existing data is the method used in this study. Data for working hypothesis one is gathered from existing Social Security Administration records available on the data.gov website. Initially, an electronic request was sent to the SSA Availability of Information and Records services. This request was submitted to the regional SSA office in Dallas. However, the data for the timeframe requested were not kept locally. The request was then forwarded to the national level. A Freedom of Information Act (FOIA) request for information was submitted to the national headquarters in Baltimore, Maryland online. This request required a considerable amount of money to be paid as well as a lengthy waiting period before the request could be fulfilled. Information from data.gov was an alternative route. The information from data.gov includes all Texans who submit initial level applications under the SSI and SSDI disability programs from 2000 to 2009.

The unemployment rate data were collected from the Bureau of Labor Statistics. The Local Area Unemployment Statistic programs’ annual report provides data about

Texas unemployment rates. (<http://data.bls.gov>) According to the Bureau of Labor Statistics' website methodology section, unemployment rates are estimated with controls from the Current population Survey (CPS). Beginning in January 2005, estimates for states were calculated based on a "time series model of the true labor force which consists of three components: A variable coefficient regression, a flexible trend, and a flexible seasonal component" and "the models can identify and remove the effects of outliers in the historical CPS series". This estimation "can better reflect individual state labor force characteristics" (www.bls.gov/lau).

WH₁: There is a positive relationship between high unemployment rates and high Texas Disability determination application rates.

Working Hypothesis 2: Application Rates and Allowance Rates

With higher application rates, allowance and denial rates are expected to fluctuate. The second hypothesis explores the relationship between increasing Texas disability applications rates and changes in allowance rates. Literature from Chapter 2 (Autor, 2006); Bovens and Zouridis, 2002; (Burkhauser, 1999...) suggests there will be a decrease in allowance rate as applications increase. Bureaucratic behavior is the concept operationalized. As more people apply due to unemployment not disability, more denials are expected. Bureaucrats will continue to apply policy and use their discretion in decision making.

Numerical data for the second working hypothesis also comes from the Social Security Administration information on data.gov. This data includes Texas DDS application and allowance rates. The application rate will include all initial level applications received from Texas Disability Determination Services from 2000 to 2009.

The allowance rate will consider the percent of all initial level cases allowed in Texas from 2000 to 2009.

WH₂: There is a negative relationship between higher disability application rates and Texas Disability Determination allowance rates.

Working Hypothesis 3: Application Rates and CDI Referral Rates

The third hypothesis in the conceptual framework table is the relationship between increasing application rates in the state of Texas and increasing fraud referrals from Texas DDS to the Cooperative Disability Investigations Program (CDI). The goal of the CDI program is to “obtain evidence of material fact sufficient to resolve questions of fraud” in the SSA disability program (CDI Fact Sheet September 2008). This hypothesis explores the increasing number of fraud referrals from Texas DDS as application increase. Disability benefit fraud is a serious and costly issue.

Over the years the Social Security Administration has improved efforts to detect potential fraud. The third hypothesis explores the relationship between application rates and fraud referral rates. Application rate data for WH₃ will also come from SSA data on data.gov. Fraud referral information comes from monthly Cooperative Disability Investigations program reports. The information presented in these reports is from the Dallas and Houston investigation units, which serve all of Texas. The reports are disability investigation program results and contain allegations received from Texas DDS. The link to this information is through an internal agency website and is not open to the public. Also data will be gathered from internal Cooperative Disability Investigations program fact sheets. It is important to note that information disclosed about CDI will be minimal due to the highly classified nature of the program. The

number of referrals will be reported. The methods of investigation and specifics about how referrals are conducted will not be disclosed. Fraud referrals are simply individual claims identified by a Disability Specialist as being suspicious for misrepresentation of disability and sent to CDI's attention.

The CDI program began in Houston in 1998. The Dallas unit was added in October of 2002. Monthly reports became available in April of 2001. At first the DDS referrals to the CDI unit were hand written making the process lengthy and cumbersome. However, as time went on and technology improved, referrals could be submitted through an online electronic form. The data for the third hypothesis are from 2001 to 2009, beginning when the monthly reports were available online.

WH₃: There is a positive relationship between increasing application rates and the rate of fraud referrals to the Cooperative Disability Investigations program (CDI).

Overcoming Weaknesses in the Research Method

The weakness of the research method presented in this chapter is the limited timeframe. The data for application rates and allowance rates were acquired from the data.gov data sets, which only cover 2000 to the present. However, data are charted from monthly numbers presenting a more comprehensive picture over the years. After writing to the SSA freedom of information headquarters in Maryland, yearly allowance rates were acquired from 1990 to 2009. This gives a broader scope of the trends, but for this study a more detailed look during each year is appropriate. The twenty-year chart will appear in the appendix as a supplement. This research focuses on trends within the last decade impacting unemployment and applications. Next are Tables 3.2 to 3.4 with raw data used in creating the figures for Chapter V.

Table 3.2: Fiscal Year Data from 2000-2010 for Initial Claims for SSA Disability Benefits that were referred to Texas DDS for Disability Determination.

State	Month	Receipts: Initial Applications	Determinations: Allowances	Determinations: Total
TX	35364	12206	3593	9882
TX	35392	9991	3050	8658
TX	35427	13519	3691	10781
TX	35455	9959	3050	9703
TX	35483	11938	3432	10912
TX	35518	15496	4705	13972
TX	35546	12280	4224	10347
TX	35574	12805	4753	10415
TX	35609	15092	5081	11956
TX	35637	11959	3795	9082
TX	35672	17529	5516	14134
TX	35700	12855	3509	9686
TX	35728	14291	4209	12136
TX	35763	15857	5479	14783
TX	35791	11852	4207	11612
TX	35819	11969	4145	11236
TX	35847	13867	5475	14414
TX	35882	18061	6686	16822
TX	35910	14812	5781	13579
TX	35945	17601	7237	15959
TX	35973	15276	5419	12421
TX	36001	14090	5268	12199
TX	36036	18083	6815	17090
TX	36064	14353	5339	13297

TX	36092	14627	5399	14120
TX	36127	17302	6598	16565
TX	36155	13417	4577	11691
TX	36190	16873	6944	17463
TX	36218	14444	5146	13200
TX	36246	15839	5616	14293
TX	36274	16046	5296	13481
TX	36309	19509	6897	17482
TX	36337	16538	5868	15633
TX	36365	15214	5677	14789
TX	36400	21249	6659	17560
TX	36428	16267	5511	14847
TX	36463	19113	6606	18469
TX	36491	13105	4523	12896
TX	36519	12982	4504	12492
TX	36554	17408	6402	17548
TX	36582	15667	4785	12631
TX	36610	15308	5025	13638
TX	36645	20586	6340	17867
TX	36673	16894	5718	15072
TX	36701	13524	5640	14143
TX	36736	19952	7795	20238
TX	36764	16894	5831	15363
TX	36792	16502	6340	17358
TX	36827	19512	7415	19950
TX	36855	14483	4990	12913
TX	36883	14059	5805	14745
TX	36918	17830	6862	16925
TX	36946	15274	5637	13954

TX	36974	16106	6145	15494
TX	37009	19331	7718	18748
TX	37037	16372	6314	15457
TX	37065	15302	6425	16300
TX	37100	17973	7405	19757
TX	37128	16544	5079	13341
TX	37156	14999	6552	16501
TX	37191	15102	5199	13708
TX	37219	13827	4580	12171
TX	37254	16410	5905	15516
TX	37282	12037	6116	16565
TX	37310	14374	5097	13229
TX	37345	19759	7131	18231
TX	37373	16036	5903	14512
TX	37401	16636	6081	14603
TX	37436	19959	8369	20258
TX	37464	15557	5727	14469
TX	37492	16881	7254	17872
TX	37527	17901	8313	21194
TX	37555	14233	5938	15123
TX	37583	14238	4810	12405
TX	37618	17114	7345	18116
TX	37646	11150	4951	12427
TX	37674	16145	6101	14377
TX	37709	19385	7360	16713
TX	37737	15739	5803	13153
TX	37765	15897	6683	15342
TX	37800	18975	8156	18289
TX	37828	14827	6457	14670

TX	37863	19843	7843	18317
TX	37891	15430	7504	17683
TX	37919	15301	6316	14980
TX	37954	17934	7550	18259
TX	37982	12916	5908	13895
TX	38010	13025	5941	14205
TX	38045	19278	8212	18872
TX	38073	15537	6662	15114
TX	38101	16531	6893	15788
TX	38136	19068	8062	18743
TX	38164	16539	6414	14724
TX	38192	15165	6610	15020
TX	38227	20222	7718	18163
TX	38255	14399	6546	15867
TX	38290	20001	8111	19782
TX	38318	14028	5528	13752
TX	38346	14196	5195	12546
TX	38381	18631	7946	18969
TX	38409	16412	6670	14984
TX	38437	18233	7191	15016
TX	38465	19004	7178	15308
TX	38500	22894	8934	19449
TX	38528	20085	7716	16807
TX	38563	23750	9883	22429
TX	38591	20402	7355	17238
TX	38619	20046	7490	17792
TX	38654	24027	9073	22196
TX	38682	17668	6546	16004
TX	38710	16916	6432	15715

Table 3.3: Data from 2000-2010 Texas Unemployment.

Year	Period	Unemployment	Unemployment Rate
2000	Jan	499750	4.9
2000	Feb	496182	4.8
2000	Mar	476382	4.6
2000	Apr	420666	4.1
2000	May	446655	4.3
2000	Jun	496234	4.8
2000	Jul	473173	4.6
2000	Aug	472834	4.6
2000	Sep	438036	4.2
2000	Oct	408398	3.9
2000	Nov	413718	4
2000	Dec	380112	3.7
2001	Jan	468409	4.5
2001	Feb	448188	4.3
2001	Mar	467191	4.5
2001	Apr	457495	4.4
2001	May	467829	4.5
2001	Jun	564367	5.3
2001	Jul	552238	5.2
2001	Aug	573511	5.5
2001	Sep	555351	5.3
2001	Oct	570067	5.4
2001	Nov	601345	5.7
2001	Dec	602992	5.7
2002	Jan	684793	6.4

2002	Feb	666846	6.2
2002	Mar	665827	6.2
2002	Apr	663575	6.2
2002	May	658628	6.1
2002	Jun	749048	6.9
2002	Jul	728822	6.7
2002	Aug	708926	6.5
2002	Sep	677869	6.2
2002	Oct	668282	6.1
2002	Nov	698362	6.4
2002	Dec	683676	6.3
2003	Jan	765637	7
2003	Feb	748868	6.9
2003	Mar	727130	6.7
2003	Apr	706075	6.5
2003	May	725098	6.6
2003	Jun	835649	7.5
2003	Jul	784831	7.1
2003	Aug	757105	6.9
2003	Sep	730708	6.7
2003	Oct	697524	6.3
2003	Nov	698044	6.3
2003	Dec	656725	6
2004	Jan	733459	6.7
2004	Feb	690873	6.3
2004	Mar	697954	6.3
2004	Apr	636603	5.8
2004	May	642066	5.8
2004	Jun	722506	6.5

2004	Jul	700005	6.3
2004	Aug	658607	6
2004	Sep	631396	5.7
2004	Oct	625576	5.6
2004	Nov	638477	5.7
2004	Dec	621604	5.6
2005	Jan	657199	6
2005	Feb	652498	5.9
2005	Mar	599693	5.4
2005	Apr	571508	5.1
2005	May	577190	5.2
2005	Jun	630279	5.6
2005	Jul	620018	5.5
2005	Aug	594544	5.3
2005	Sep	595236	5.3
2005	Oct	563252	5
2005	Nov	580817	5.2
2005	Dec	547413	4.9
2006	Jan	594254	5.3
2006	Feb	592800	5.3
2006	Mar	561830	5
2006	Apr	547002	4.9
2006	May	549418	4.9
2006	Jun	622467	5.5
2006	Jul	620455	5.4
2006	Aug	572089	5
2006	Sep	537996	4.7
2006	Oct	501795	4.4
2006	Nov	509274	4.5

2006	Dec	471081	4.1
2007	Jan	546535	4.8
2007	Feb	523661	4.6
2007	Mar	476249	4.2
2007	Apr	453290	4
2007	May	454021	4
2007	Jun	542561	4.7
2007	Jul	548063	4.8
2007	Aug	496933	4.4
2007	Sep	507037	4.4
2007	Oct	468346	4.1
2007	Nov	482584	4.2
2007	Dec	493512	4.3
2008	Jan	541878	4.7
2008	Feb	506954	4.4
2008	Mar	501995	4.4
2008	Apr	461558	4
2008	May	517591	4.5
2008	Jun	599033	5.1
2008	Jul	619503	5.3
2008	Aug	621319	5.3
2008	Sep	606957	5.2
2008	Oct	614593	5.2
2008	Nov	643551	5.5
2008	Dec	674631	5.7
2009	Jan	800642	6.8
2009	Feb	820019	7
2009	Mar	828781	7
2009	Apr	800995	6.8

2009	May	868134	7.3
2009	Jun	995804	8.3
2009	Jul	999192	8.3
2009	Aug	974702	8.1
2009	Sep	972951	8.1
2009	Oct	958299	8
2009	Nov	950160	7.9
2009	Dec	957774	8
2010	Jan	1044381	8.6

Table 3.4: Data from 2001-2009, Texas DDS referrals to the Dallas and Houston CDI Unit

Month	Year	Number of Referrals
May	2001	14
June	2001	4
July	2001	0
August	2001	11
September	2001	9
October	2001	13
November	2001	8
December	2001	5
January	2002	13
February	2002	8
March	2002	14
April	2002	15
May	2002	6
June	2002	14
July	2002	
August	2002	13
September	2002	7
October	2002	12
November	2002	15
December	2002	5
January	2003	26
February	2003	15
March	2003	21
April	2003	21
May	2003	9
June	2003	25

July	2003	13
August	2003	19
September	2003	17
October	2003	30
November	2003	22
December	2003	26
January	2004	28
February	2004	36
March	2004	21
April	2004	31
May	2004	28
June	2004	18
July	2004	16
August	2004	35
September	2004	31
October	2004	28
November	2004	24
December	2004	12
January	2005	37
February	2005	16
March	2005	26
April	2005	24
May	2005	26
June	2005	29
July	2005	24
August	2005	32
September	2005	26
October	2005	15
November	2005	13

December	2005	7
January	2006	19
February	2006	17
March	2006	23
April	2006	18
May	2006	31
June	2006	31
July	2006	20
August	2006	30
September	2006	21
October	2006	23
November	2006	25
December	2006	30
January	2007	40
February	2007	21
March	2007	28
April	2007	27
May	2007	31
June	2007	32
July	2007	24
August	2007	35
September	2007	32
October	2007	36
November	2007	27
December	2007	24
January	2008	28
February	2008	20
March	2008	28
April	2008	35

May	2008	58
June	2008	41
July	2008	48
August	2008	36
September	2008	47
October	2008	46
November	2008	19
December	2008	23
January	2009	34
February	2009	41
March	2009	28
April	2009	41
May	2009	47
June	2009	33
July	2009	49
August	2009	46
September	2009	67
October	2009	53
November	2009	53
December	2009	54

Chapter V: Results

The purpose of this chapter is to discuss the findings of each hypothesis presented in the conceptual framework table and operationalization table. Figures 4.1, 4.2, and 4.3 display results of each working hypothesis 1, 2, and 3 respectively. A discussion of the trends over time is presented in the narrative about each chart representing the hypothesis. The theories and hypotheses were developed from the literature presented in Chapter II. This chapter summarizes the results of the data collected from the Bureau of Labor Statistics, the Texas Disability Determination Services, the Health and Human Services Commission, and the Cooperative Disability Investigation program. Table 4.0 summarizes the hypotheses and the findings of this research.

Table 4.0 Working Hypothesis Results Summary

Working Hypotheses	Findings
WH₁: There is a positive relationship between high unemployment rates and an increase in the rate of Disability applications.	Time-series chart analysis shows a relationship over time between unemployment rates and disability applications rates.
WH₂: There is a negative relationship between higher application rates and Disability Determination Services allowance rates.	Time-series chart analysis shows a relationship over time between application rates and disability allowance rates.
WH₃: There is a positive relationship between increasing application rates and the rate of fraud referrals to the Cooperative Disability investigation (CDI) Program.	Time-series charts analysis shows a relationship over time between application rates and fraud referrals.

Working Hypothesis One: Results

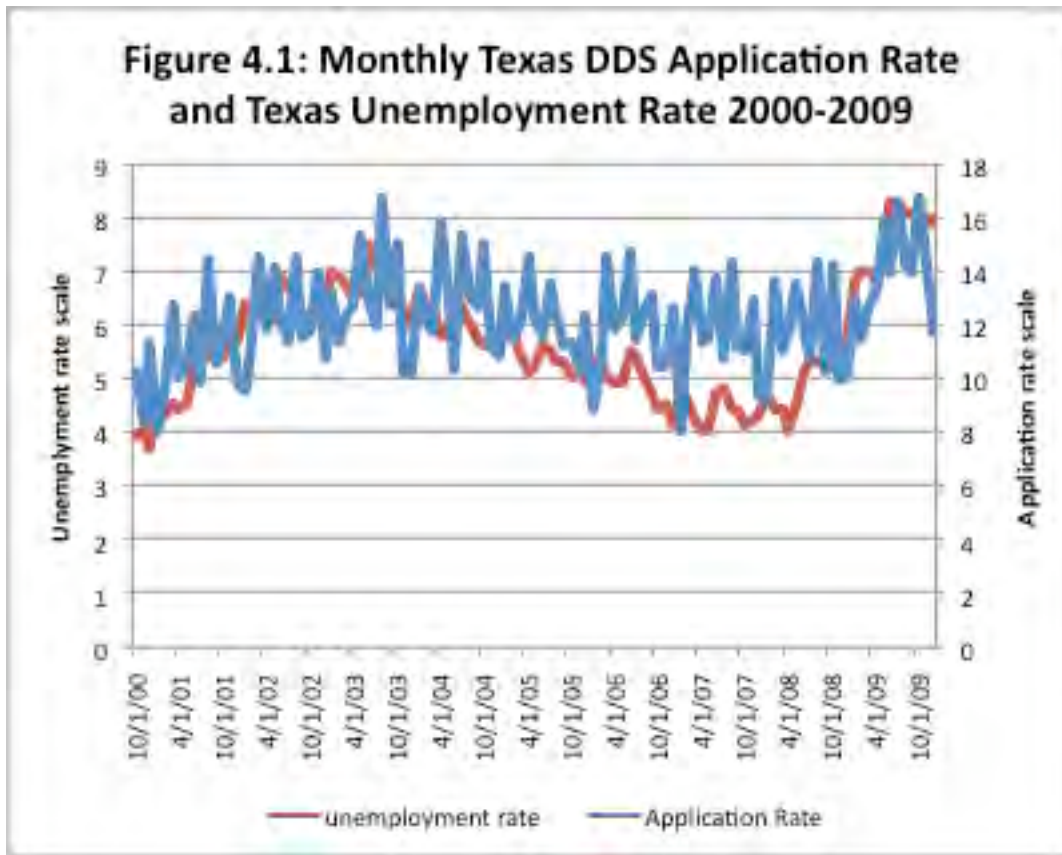


Figure 4.1 presents quantitative data on Texas unemployment rates and Texas Disability Determination Services application rates from 2000 to 2009. As indicated in Figure 4.1 the red line represents unemployment rate, and the blue line represents application rate. The left side of the chart is scaled for the unemployment rates and the right side is scaled for the application rate. The two lines clearly rise and fall around the same time as evidenced by the overlapping. Figure 4.1 supports working hypothesis one, as the Texas unemployment rate raises so does the Texas disability application rate. Data from the Bureau of Labor Statistics reports the unemployment rate in Texas as high as 8.3 percent and the disability application rate reaching roughly 16 percent.

High unemployment rates are usually the result of a recession. During the nine-year span, there were two different recession periods. Many economists define a

recession as negative growth in the Gross Domestic Product for a period of two or more consecutive quarters (recession.org). According to recession.org the first recession of the decade began March 2001 and ended November 2001. The events preceding and contributing to the recession were the dot.com bubble bursting, corporate scandals with Enron, and the tragic events of 9/11. The next recession began in December 2007 from the collapsing housing market and continued through 2009. Periods of high unemployment lag behind recessions. As shown in Figure 4.1 there is a spike in the unemployment rate in 2002 through 2003. The unemployment rate declines during the years of 2004 through 2007. Then there is a major increase in the unemployment rate in 2008 through 2009.

Figure 4.1 also displays data on the Texas Disability Determination Application rates over the same time period from 2000 to 2009. In 2002 to 2003, there is a definite increase in the application rate. The DDS application rate varies more often during each year. However, there are some moments of parallel movement between the lines. During the years of 2008 and 2009, Figure 4.1 shows the most significant growth in application and unemployment rates. Again working hypotheses are not proven but supported. Comparison of the two charts supports a correlation between the two variables.

During periods of higher unemployment, the unemployed must make decisions to supplement their lost income. Applying for disability is an option some people chose. Following is Figure 4.2 showing bureaucratic behavior trends responding to increases in application rates.

Working Hypothesis Two: Results

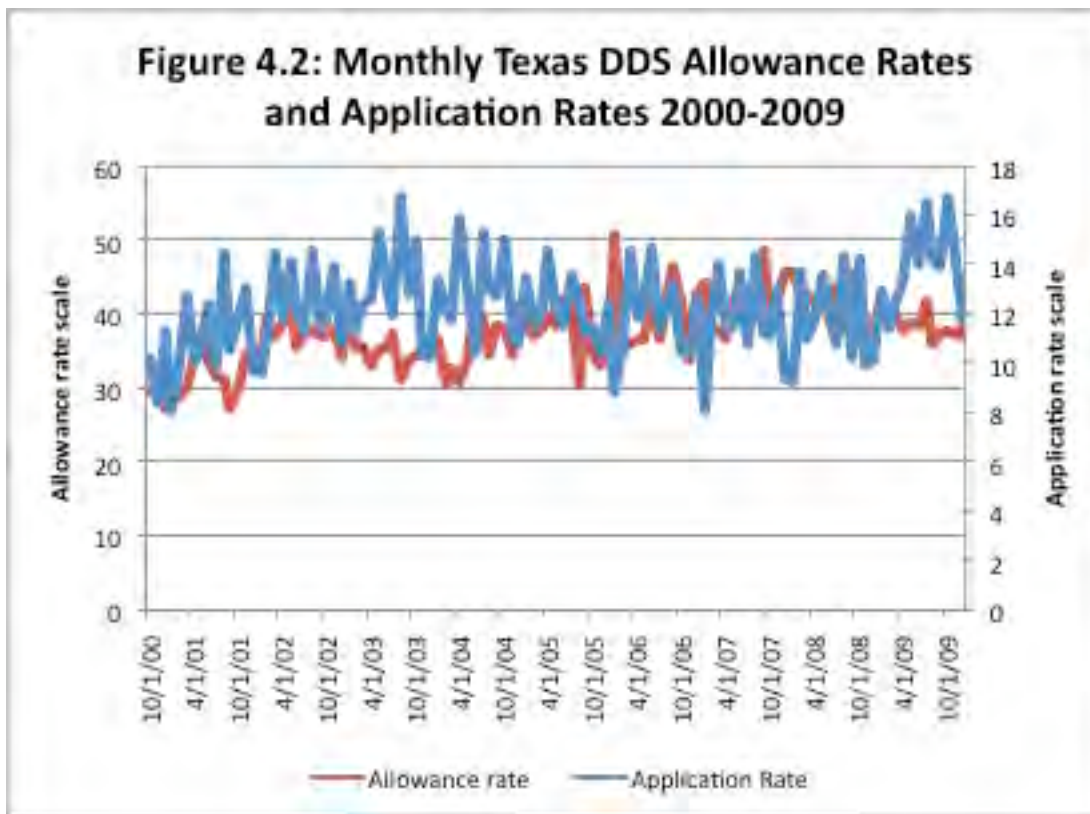


Figure 4.2 presents quantitative data on Texas DDS application rates and Texas DDS allowance rates from 2000 to 2009. As indicated in Figure 4.2, the red line represents allowance rate, and the blue line represents application rate. The left side of the chart is scaled for the allowance rate, and the right side is scaled for the application rate. The two lines visibly go in opposite directions representing a negative relationship. Figure 4.2 supports working hypothesis two, as the Texas application rate goes up the Texas allowance rate drops. In 2001, there is an obvious spike in the application rate and an almost equal and opposite decline in the allowance rate. In mid 2005, there is spike in the allowance rate with an extreme decline in the application rate. The relationship between the two variables is evident.

An increase in disability applications does not mean there are more disabled people in Texas. Literature presented in the second chapter suggests applications increase

because more individuals are out of work. The most noticeable trend is at the end of the time-series analysis in the beginning of 2009. Texas disability application rates increase dramatically, and the allowance rates steadily trend down. The lag in response of the allowance rate is due to the backlog in applications during that time. There was a tremendous surge of applications, and at that time, DDS was not staffed to process the sudden increases in applications. In 2009, there was a two to three month lag from when the application was taken to when it arrived at DDS for determination. In addition to that lag the typically claim determination takes sixty days. Even with the lag, the two charts reveal a relationship that supports the second hypothesis. Disability Specialists in Texas are applying allowance policies consistently. Economic conditions during times of high unemployment do not influence Disability Specialists to allow more claimants.

Allowance rates are dependent on application rates. Quantitative data presented in Figure 4.2 support the second working hypothesis. As application rates increase, there is a decrease in the allowance rates over time.

Working Hypothesis Three: Results

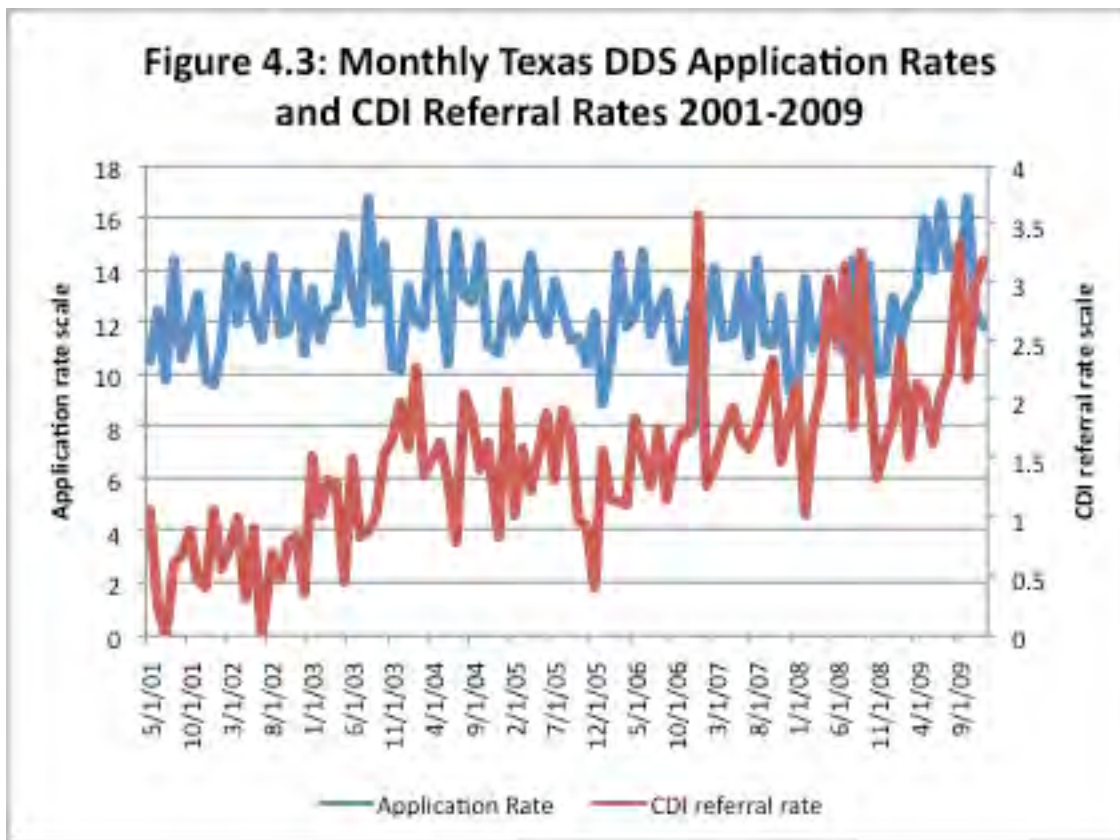


Figure 4.3, Monthly Texas Disability Determination Services Application Rates and CDI Referral Rates 2001-2009, presents quantitative data on Texas DDS application rates and CDI fraud referral rates from 2000 to 2009. As indicated in Figure 4.3, the red line represents CDI referral rate, and the blue line represents application rate. The left side of Figure 4.3 is scaled for the application rate, and the right side is scaled for the CDI referral rate. The two lines rise and fall in most areas at the same time. There are other areas of Figure 4.3 that do not correlate but most points on the chart rise and fall around the same time. Figure 4.3 supports working hypothesis three: as the Texas DDS application rate raises so does the CDI fraud referral rate.

The theory supporting this hypothesis is that during times of high unemployment,

more people apply for disability. In addition to that concept is the theory of less educated low-skilled workers seeking disability benefits instead of employment. According to the supporting literature, there has been a decrease in the demand for the low-skilled less educated labor force. The increasing applications suggest that some applicants may not truly be disabled. Instead of seeking employment some applicants are trying to acquire disability benefits, and in doing so, some applicants may exaggerate limitations in a fraudulent manner.

CDI referrals from DDS require management approval. Most referrals are recommendations from the medical staff reviewing the claims. There must be good cause for a Disability Specialist to submit a claim to the fraud unit. The Texas CDI units are in Houston and Dallas and have a small number of employees. The small number of employees limits the total number of referrals the unit can handle each month. Before submitting a fraud referral, a DS must exhaust all other options and attempt to make a determination with the medical records already obtained for the applicant. Essentially a fraud referral is the last option if a suspicious application is suspected. The actual number of referrals per month compared to the applications received per month is small, but the rise and fall of the rates occurs around the same time according to Figure 4.3.

In the beginning of 2007, there is an extreme spike in CDI referrals. This can be attributed to new staffing at the program. At the end of 2005, there is an extreme dip in both lines. Typically, during the holiday season and the end of the year, applications decline. Towards the end of 2008, there are drops in both the application rate and the CDI fraud referral rate. The middle and the end of 2009 are most significant when comparing the two variables. Visual inspection of Figure 4.3 shows a clear relationship between application rates and fraud referral rates from Texas DDS.

Limitations of the Study

This study is not rooted in complex statistical analysis. This study seeks to observe trends over time from quantitative monthly data. Comparing linear trends over time illustrated in each figure sufficiently supports each hypothesis. The time-series figures analyses focuses on behavior over time. The findings in a time-series analysis make broad inferences about the population studied. The population in this study includes unemployed Texans and Texas Disability Determination Services applicants. The findings suggest more people apply for disability as the unemployment rate increases; more applications cause the allowance rate to drop; and more applications cause an increase in CDI referrals. There are evident trends in applicant and bureaucratic behavior. Along with the literature presented in Chapter 2, Figure 4.1, 4.2, and 4.3 further support the working hypotheses. The next chapter will conclude the research presented in this paper.

Chapter VI: Conclusion

The purpose of this applied research project was threefold. This applied research paper was an exploratory study researching bureaucratic behavior and decision-making. Specifically this research explored the relationship between Texas unemployment rates and Texas Disability Determination Services applications rates from 2000 to 2009; the relationship between Texas DDS application rates and Texas DDS allowance rates from 2000 to 2009; and relationship between Texas DDS application rates and Cooperative Disability Investigation fraud referrals from Texas DDS from 2001 to 2009. This research project began with an introduction chapter providing history on the disability program. The first chapter also discussed a broader issue of bureaucratic behavior and decision-making. Included in bureaucratic behavior and decision-making are the people applying for benefits. The goal of Texas DDS is to serve its applicants. The decisions made at DDS are based on policies, and the outcomes are based applications received. The purpose of this study is to explore trends in behavior of applicants as well as Texas DDS.

To accomplish the research purpose supportive literature was presented in the second chapter. This chapter presented theories and evidence from which the working hypotheses were derived. The third chapter discussed the research methodology and the origin of the quantitative data. Findings of the research were discussed in the fourth chapter with charts illustrating the relationships between the variables. Time-series analysis supported the working hypotheses. This chapter will conclude the research.

Table 5.0 offers some recommendations for the Texas Disability Determination

Services program. This study in no way is meant to criticize the Texas DDS or the SSA program. This applied research project highlights concerns about broader issues in bureaucratic behavior and decision-making.

Table 5.0: Recommendations

Working Hypotheses	Findings	Recommendations
<p>WH₁: There is a positive relationship between high unemployment rates and an increase in the rate of Disability applications.</p>	<p>Time-series analysis suggests there is a relationship over time between higher unemployment rates and higher rates of disability applications.</p>	<p>1. Screen out applicants who explicitly state they are applying due to being unemployed or “laid-off”.</p>
<p>WH₂: There is a negative relationship between higher application rates and Disability Determination Services allowance rates.</p>	<p>Time-series analysis suggests there is a relationship over time between higher application rates and lower allowance rates for disability.</p>	<p>1. Increase Disability Specialist staff to handle the growing caseloads.</p> <p>2. Continue to train and refresh staff on consistently applying the allowance and denial policies.</p>
<p>WH₃: There is a positive relationship between increasing application rates and the rate of fraud referrals to the Cooperative Disability investigation (CDI) Program.</p>	<p>Time-series analysis suggests there is a positive relationship over time between increasing application rates and CDI fraud referral rates.</p>	<p>1. Increase CDI staff to handle the increasing referrals.</p> <p>2. Require claimants to provide medical sources for alleged mental conditions.</p> <p>3. Discourage newly released prisoners from applying for benefits unless there is a medical history of a pre-existing condition.</p>

Recommendations for Texas DDS

The Texas Disability Determination Services is an agency handling all Texas disability claims. First the claimants go into their local Social Security field offices, apply online, or over the phone. Once it is determined that the claimant has enough work credits, meets income and resources restriction, and is not earning over a certain amount, the application is electronically sent to DDS. In regards to disability applications, the job of a field office representative does not require much discretion. There is explicit policy as to whether or not the claimant meets eligibility criteria allowing the claim to be sent to DDS. The job of a Disability Specialist requires much more discretion. A Disability Specialist must make medical decisions with the assistance of doctors employed by the agency, make vocational decisions, as well as make decisions if an applicant should be referred for fraud investigation. The final decision whether a claimant is allowed or denied is the responsibility the DS, within certain policy guidelines.

Several recommendations are presented in Table 5.0 to decrease the amount of applications and ensure proper decisions are being made. Claimants who apply for disability and report the reason for not working as being laid-off can be referred to an unemployment agency. DDS is a program for disabled individuals who are unable to make a sufficient living do to a long-term or permanent disabling condition. This program is not a supplementary unemployment program. Resources and time are being taken from those who are truly disabled. Over time, more and more weight is being placed on vocational factors and not disabling conditions. The shift in focus of the program fuels the concern of critics that the disability program assists not just the disabled. Disability is determined through a process called sequential evaluation, and

sequential evaluation has a total of five steps. The fourth step asks the question if the applicant is able to return to past work according to the medically determined physical or mental functional capacity. If the applicants are unable to return to past work, then a DS will consider their age, education, and past job skills to determine if they can perform other work in the national economy. The last medical determination in the process is made at step three. Step three is when the diagnosis is documented and the claimant's residual functional capacity is determined. Should the disability determination process stop at step three?

The disability determination process is unique for each claim. A DS has a tremendous discretion in making determinations on claims. The concern of the second working hypothesis is that the DS is consistently applying policy. Even in the midst of tough economic times and high unemployment rates, a DS must adhere to agency policy. The agency policy has some room for interpretation. In making the medical determinations there is some discretion in deciding how much to limit the applicant's functional capacity. The determination of the applicant's functional capacity ultimately determines if the applicant is allowed or denied. Also if a claimant is older and less educated with limited skills, the DS is more inclined to allow the applicant. A claimant with these characteristics is less likely to find employment. What role should employability have in making a disability determination?

The third working hypothesis explores the concept of increasing application rates causing increasing fraud referral rates. As more people apply for disability benefits, an increasing number of suspicious applications are received by Texas DDS. Many people apply because they do not have viable options for employment. There is a discernable difference between people applying who are not completely disabled, and those who

apply and exaggerate impairments. Defrauding the government is a serious offense. Often applicants exaggerate ailments in an attempt to sway the decision. However, if an applicant intentionally fakes a mental illness for a severe medical diagnosis, such as mental retardation, then that is fraud. Mental retardation is a disability for which the applicant is usually allowed benefits. Often there are clues arousing suspicion, and doctors or the DS can initiate the fraud referral to CDI. The CDI units in Houston and Dallas have taken on significant increases in referrals over the last ten years. In 2001, referrals were in the single digits, and in 2008 and 2009, monthly referral numbers were as high as sixty. Training staff and hiring investigators to handle the increase has been an issue for the unit. Applicants are allowed to apply with no medical sources. If there is no medical evidence, DDS will pay to send the applicant to an exam to substantiate their allegations. It is easy to fake an illness in front of a doctor during a single encounter. The doctor may or may not suspect malingering at that exam. If the doctor does not, this fraudulent claimant could receive monthly checks for up to seven years. Screening applicants better and requiring more extensive medical histories could help decrease fraud.

Future Research on Disability Determination Services

This research is compelling given the current U.S. unemployment problems, fiscal concerns, and healthcare debates. Unemployment is one of the major topics of concern in the United States. Should unemployment benefits be extended? If unemployment benefits are not extended, then what will people do? Providing benefits to the needy public is often the responsibility of the government, but to what extent? Will all this aid to the needy eventually create insurmountable debt? Disability benefits provide healthcare in

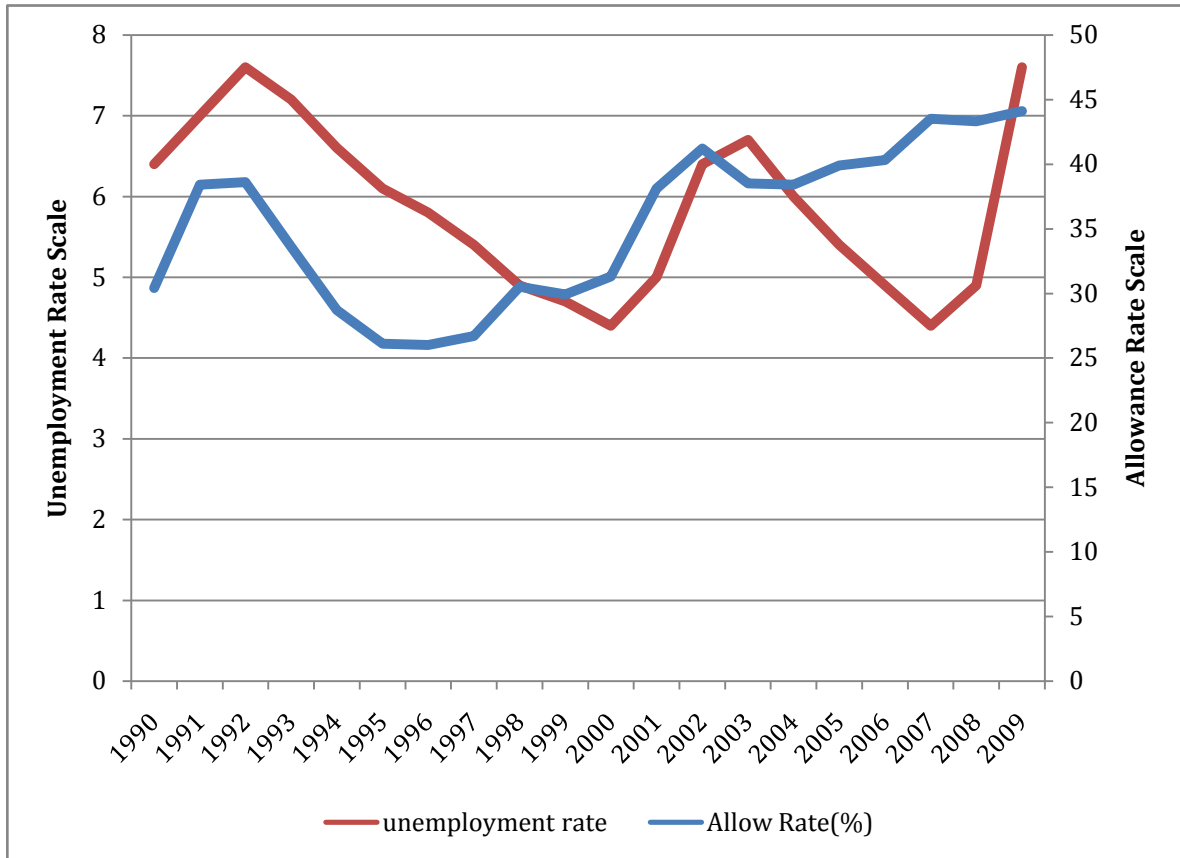
addition to monthly checks. Are some people be applying for the healthcare benefits because they cannot afford benefits on their own? What impact will the new healthcare bill have in the future on the disability program and social welfare programs as a whole?

The preceding questions are left to future researchers interested in how the SSA disability program impacts other policies and social issues. The contribution made by this applied research is from the perspective of a Disability Specialist. This research is presented from inside experience of a street-level bureaucrat. Handling claims day-to-day provides invaluable experience with increases in applications, policy demands for allowances and denials, and frustration with fraudulent claims. Investigating trends in fraud referral rates is another contribution this study makes. This paper is careful not to divulge too much information about the Cooperative Disability Investigation unit. CDI referral data trends focuses some attention on an alarming issue in this program, possible fraudulent disability benefit recipients. The Texas Disability Determination Services agency provides great information for the DDS agencies across the county to conduct replicate studies.

Appendix A: DDS Organizational Chart



Appendix B: Yearly Texas DDS Allowance Rate and Unemployment Rate 1990-2009



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