Discussion of "The Place-Based Redistribution of Disability Insurance" (Amanda M. Michaud, Timothy J. Moore, and David Wiczer, 2024)

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All views and interpretations are those of the discussant and do not represent the views or official positions of West Point, the United States Army, the Department of Defense, or the Department of Veterans Affairs.

What is this paper about?

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Translation (for Economists): Moral Hazard

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Disability Benefits: Last Week Tonight with John Oliver (HBO)

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 - Welfare optimal local replacement rates would redistribute towards low-receipt counties



Figure 4: Correlates with Beneficiary Rates over 1995-2016.

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- Additional evidence that migration is not related to the value of DI
 - Where is figure showing relationship between housing price index and DI (p. 13)?

Interactions with other transfer programs?

The estimated values of income from other sources (T_{ℓ}) are largely uncorrelated with other observables, just like regression residuals ought to be in a correctly specified regression model. We demonstrate this in the left panel of Figure 6 with the counties' relative health, its rank in the rate at which health depreciates, shown against the T_{ℓ} .



Figure 6: Non-Emp consumption value (LEFT)

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Figure 6: Non-Emp consumption value (LEFT)

- Good robustness check; consider adding a line of best fit

Optimal place-based replacement rate



Figure 13: Optimal place-based replacement rate relative to the current program generosity.

This replacement rate is really the number of dollars spent per recipient relative to the average wage in the county. Notice that the largest increases in payment are among the lowest receipt counties. There we are adjusting it upwards in and increasing both the number of recipients who will find it attractive to apply and the program's generosity.

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- Is it possible to add histograms showing the distribution of award rates under the current regime ("data") and under the optimal place-based replacement rate?

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 - But where are these comparisons in the paper?

Annual SSDI, SSI, and Workers' Comp Payments (to Adults) Over Time

Annual Benefits Paid to Disabled Adults By Program



Veterans' Affairs Disability Compensation (VADC) will soon exceed DI

Annual Benefits Paid to Disabled Adults By Program



VADC per veteran (including 0s) now 10x higher than DI per worker

Annual Benefits Paid Per Eligible Adult Beneficiary



Any VADC receipt among vets 8x higher than DI receipt among adults

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Figure 1 from Michaud, Moore, and Wiczer: Distribution of DI Beneficiaries per 18-64 population (2001-2010)



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The unit of observation is the county. VADC beneficiaries per county obtained from VA Disability Compensation Recipients by County, FY 2023. Veteran population by county obtained from VA Veteran County-Level Population Table, FY 2023.

VADC receipt is even higher among younger veterans

Distribution of VADC Beneficiaries per Veteran Population (2023)



But growth in VADC is not explained by combat deployments to Iraq and Afghanistan, or changes in who joins the military (Bruhn et al., 2024)

Geographic Variation in DI and VADC

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Figure 2 from Michaud, Moore, and Wiczer: Share of DI Beneficiaries (1996-2014)



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Share of 17-64 y/o Veterans Claiming Disability Compensation (2023)



Geographic Variation in DI and VADC - Virginia

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Figure 3 from Michaud, Moore, and Wiczer: DI Beneficiaries per Adult age 18-64 (1995-2016)



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 - VADC may help us understand disability programs with fewer barriers to entry

Thank You!

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