

UNITED STATES COURT OF APPEALS FOR THE ELEVENTH CIRCUIT

Powell v. Heckler

773 F.2d 1572 (11th Cir. 1985) · Decided October 18, 1985

SUMMARY

The Eleventh Circuit reviewed the partial denial of Title II Social Security disability benefits to William V. Powell. The court held that the administrative decision did not properly apply the sequential evaluation regulations and was not supported by substantial evidence for periods when Powell was not engaged in substantial gainful activity. It affirmed benefits from December 31, 1981, reversed the denial for earlier periods, and remanded with instructions to award benefits for periods from 1978 through 1981 when Powell was not engaged in substantial gainful activity.

CASE DETAILS

COURT	United States Court of Appeals for the Eleventh Circuit
WRITING FOR THE COURT	FAY; JOHNSON; CLARK
JURISDICTION	Federal
DECIDED	October 18, 1985
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from a district court judgment affirming in part and denying in part an administrative decision awarding Title II disability benefits only from December 31, 1981.
STANDARD OF REVIEW	The Secretary's decision is reviewed to determine whether it is reasonable and supported by substantial evidence on the record as a whole. The appellate court does not ordinarily review the facts de novo or substitute its judgment for that of the Secretary, but may reverse where the governing statute or sequential evaluation regulations were misapplied or the evidence is insubstantial as a matter of law.
PRECEDENTIAL VALUE	published precedential federal circuit opinion
PARTIES	William V. Powell, Robert W. Powell, as next friend of William V. Powell v. Secretary of Health and Human Services, represented by Heckler

TOPICS

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PRACTICE AREAS

Social Security disability benefits

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QUESTIONS PRESENTED

1. Whether the Secretary and the lower court properly applied the sequential disability-evaluation method required by 20 C.F.R. § 404.1520.
2. Whether intermittent employment or earnings below the substantial-gainful-activity threshold barred disability benefits during periods when Powell was otherwise disabled.
3. Whether substantial evidence supported denying benefits for the period from 1978 through October 26, 1981.

HOLDINGS

1. The sequential disability-evaluation method required by 20 C.F.R. § 404.1520 must be followed when evaluating a claim for disability benefits, and failure to follow it constitutes grounds for reversal.
2. A person otherwise disabled under Title II who engages in substantial gainful activity passes into and out of eligibility for benefits when beginning or ceasing such activity; substantial gainful activity bars benefits only for the periods during which it occurs.
3. Powell was eligible for disability benefits for periods from 1978 through 1981 during which his income was below the substantial-gainful-activity threshold, subject at most to the approximately ten-week period in late 1981 when his earnings exceeded that threshold.

KEY QUOTATIONS

“We today extend our analysis in Ambers and hold that as a matter of law a person otherwise disabled under the terms of Title II who manages somehow to secure employment will pass into and out of eligibility for benefits when ceasing or embarking upon “substantial gainful activity” — that is, employment with earnings in excess of the Secretary’s guidelines.” (773 F.2d at 1576)

“These findings are obviously insufficient to establish substantial gainful activity under the Secretary’s regulations. Therefore, William is eligible for disability benefits for those periods from 1978 to 1981 during which his income was below that sufficient to constitute substantial gainful activity.” (773 F.2d at 1577)

FACTUAL BACKGROUND

William V. Powell had chronic, undifferentiated schizophrenia and a lengthy history of psychiatric hospitalization, treatment, and severe functional limitations. Although he had worked for a pecan company from 1962 through 1977, much of that employment was maintained through his father's influence, and his later work was intermittent. The evidence showed marked psychiatric deterioration and symptoms consistent with a

functional psychotic disorder, while his earnings from 1978 through 1981 generally fell below the Secretary's substantial-gainful-activity threshold except for approximately ten weeks in late 1981.

PROCEDURAL HISTORY

The Secretary initially and on reconsideration found no disability. After a hearing, the administrative law judge awarded benefits beginning December 31, 1981, but denied benefits for the earlier period. The magistrate recommended affirmance, and the United States District Court for the Southern District of Georgia adopted that recommendation. The Eleventh Circuit affirmed the award beginning December 31, 1981, reversed the denial of benefits for the earlier period, and remanded with instructions.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The district court was ordered to remand the case to the Secretary with instructions to make appropriate awards, consistent with the opinion, for the periods from 1978 through 1981 during which Powell was not engaged in substantial gainful activity under 20 C.F.R. § 404.1574(b).

CASES CITED

- Owens v. Heckler, 748 F.2d 1511, 1514 (11th Cir. 1984)
- Bloodsworth v. Heckler, 703 F.2d 1233, 1239 (11th Cir. 1983)
- Richardson v. Perales, 402 U.S. 389, 401, 91 S.Ct. 1420, 1427, 28 L.Ed.2d 842 (1971)
- Walden v. Schweiker, 672 F.2d 835, 838-40 (11th Cir. 1982)
- Ambers v. Heckler, 736 F.2d 1467, 1469 (11th Cir. 1984)
- Scharlow v. Schweiker, 655 F.2d 645, 648 (5th Cir. 1981)
- Ware v. Schweiker, 651 F.2d 408, 411 (5th Cir. 1981), cert. denied, 455 U.S. 912, 102 S.Ct. 1263, 71 L.Ed.2d 452 (1982)
- Adams v. Heckler, 742 F.2d 1321, 1322 (11th Cir. 1984)
- Cowart v. Schweiker, 662 F.2d 731, 735 (11th Cir. 1981)
- Hudson v. Heckler, 755 F.2d 781, 785-86 (11th Cir. 1985)
- Commissioner of Internal Revenue v. Lester, 366 U.S. 299, 306, 81 S.Ct. 1343, 1348, 6 L.Ed.2d 306 (1961) (Douglas, J., concurring)

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