

Putting People with Disabilities to Work: Models of the Counterfactual

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In the United States, people with disabilities experience high levels of poverty and low rates of employment. In 2008, 25% of people with disabilities lived in poverty compared to only 9% of people without disabilities. In the same year, 40% of working-age people with disabilities were employed while 80% of working age people without disabilities were employed¹. Major disability-related legislation enacted over the past two decades – including the 1990 Americans with Disabilities Act and the 1999 Ticket to Work and Work Incentives Act – has been passed, at least in part, to address the poor economic well-being of people with disabilities by improving rates of employment among this subgroup. Implicit in these policies is the idea that working for pay will improve the economic well-being of people with disabilities, or at least provide them with an equivalent level of economic well-being.

The first goal of the current study is describe the poverty and material hardship faced by people with disabilities, and how these differ by detailed employment status, differentiating between people employed full-time, year round; part-time, year-round; and part-year positions.

The second goal of the paper is to explore the counterfactual. If non-employed people with disabilities were to go to work (as public policy seems to be pushing them to do), how much would their level of economic well-being improve? A simulation is required in order to explore this question, given that workers with disabilities are substantially different than non-workers with disabilities, and given that some income sources are not available to those in the work force.

NOTES ON DATA AND METHODS

¹Erickson, W., C. Lee, and S. von Schrader. 2010. *2008 Disability Status Report: The United States*. Ithica, NY: Cornell University Rehabilitation Research and Training Center on Disability Demographics and Statistics.

In this paper, I use information from the 2004 Survey of Income and Program Participation (SIPP), for months covering January-December 2005. The SIPP collects monthly information over a two-year period on demographic characteristics, educational attainment, individual and household-level earned and unearned income sources and amounts, the type and terms of employment, job characteristics, disability, household composition, and individual well-being along a number of economic and non-economic dimensions.

Disability is captured primarily through a series of questions about functional limitations and the medical conditions that cause them. Specifically, participants were asked a series of questions about whether they have difficulties hearing or seeing, use an aid such as crutches or a walker to get around, and a standard set of questions about limitations in activities of daily living (ADLs), limitations in instrumental activities of daily living (IADLs), and functional limitations. Individuals reporting that they were limited in some way were then asked to name the primary condition causing their limitation(s) and when that condition first occurred. I measure disability with a single, dichotomous variable that has a value of 1 if individuals have a long-lasting health condition that limits their activities in at least one life area. Because the disability questions are not asked until 16 months after the SIPP panel began, this last stipulation means that all people in the analysis sample have had a disability since 2003, a year prior to the beginning of the 2004 SIPP survey panel.

I limit the sample to respondents aged 25-50 with complete information on income, living arrangements, disability, and measures of material hardship, and who were observed for all 12 months of 2005. These limitations yield a sample size of 3,295 adults with disabilities.

Bivariate analyses examine the relationship between employment and three aspects of economic well-being: 1) total earned and unearned income, 2) poverty, and 3) material hardship. For simulations of the workplace earning potential of non-employed adults with disabilities, I plan to use endogenous switching models. These models are appropriate in instances where one is interested in studying the effects of a state (in this case, employment), but placement in that state is the result of a

combination of observed and unobserved factors that also affect the outcome of interest². In particular, selection into the state of interest (employment) is – at least, in part – a function of the expected value of the outcome (total income) associated with each state (employed and non-employed).

SELECTED RESULTS: WORKERS AND NON-WORKERS WITH DISABILITIES

Income and Poverty

In August 2005, non-working adults with disabilities saw an average annual income of \$7,500, compared to \$19,000 for those employed full-year but less than full-time, and \$39,500 for those with full-time, year-round employment. Income from Social Security disability constitutes the largest source of unearned income for never-employed adults, with 36% receiving income from this source. Although they receive a modest amount in personal income, on average, jobless people with disabilities provide a quarter of their family's income. The unearned income brought into the household by jobless adults with disabilities plays a critical role in the economic well-being of the household.

Material Hardship

Does having a job seem to insulate people with disabilities against material hardship? Among adults with disabilities with full-time, year-round employment, 20% reported problems receiving enough food (relative to 36% of jobless adults with disabilities), 15% reported that they did not pay their rent or mortgage in full during the interview month (relative to 14% of jobless adults with disabilities), 13% had not seen a doctor in the past 12 months when they needed one (relative to 18% of jobless adults with disabilities). In most cases, the share of adults with no job or part-year employment experiencing material hardships was greater than the share of adults with full-year employment.

² Gamoran, A. and R.D. Mare. 1989. "Secondary School Tracking and Educational Inequality: Compensation, Reinforcement, or Neutrality?" *American Journal of Sociology* 94(5): 1146-1183.

SIMULATIONS OF THE COUNTERFACTUAL

This portion of the research will be completed by the PAA conference in April 2012.

CONCLUSION

I find that what constitutes employment for this economically vulnerable population (adults with disabilities) is quite varied, and that variation has important implications for the relationship between employment and economic well-being. Although 60% of people in the sample were technically employed at some point during calendar year 2005, only 33% held full-time, year-round positions during that time. Working either less than the full year or for the entire year but less than full-time, is associated with significantly lower personal and family income, and higher rates of poverty and material distress. These findings suggest that employment of any stripe is not an unmitigated ticket out of poverty and material hardship for people with disabilities.

The simulation of the counterfactual will provide important and policy-relevant information about the ability of the non-working adults with disabilities in this study to earn a living through entering the work place.