

Rehabilitation Research and Training Center
for Economic Research on Employment
Policy for Persons with Disabilities

Framing the Issues:

***Economic Research on
Employment Policy for
People with Disabilities***

Michael E. Fishman
THE LEWIN GROUP

October 1999

For further information about this paper contact:

Michael E. Fishman, Project Director, Vice President, The Lewin Group
3130 Fairview Park Drive, Suite 800, Falls Church, VA 22042
tel: (703) 269-5655 *fax:* (703)269-5503
e-mail: mfishman@lewin.com *web:* www.lewin.com

This paper is being distributed by Rehabilitation Research and Training Center for Economic Research on Employment Policy for Persons with Disabilities at Cornell University.

This center is funded to Cornell University, in collaboration with The Lewin Group (Falls Church, VA), by the U.S. Department of Education, National Institute on Disability and Rehabilitation Research (*Grant No. H133B980038*).

This research and training effort is an across college effort at Cornell University between the Program on Employment and Disability in the Extension Division of the School of Industrial and Labor Relations, and the Department of Policy Analysis and Management in the College of Human Ecology. The Lewin Group is an internationally recognized research and consulting firm specializing in health and human services policy and management.

The Co-Principal Investigators are:

Susanne M. Bruyère—*Director, Program on Employment and Disability, ILR Extension, Cornell University*

Richard V. Burkhauser—*Sarah Gibson Blanding Professor and Chair, Department of Policy Analysis and Management, College of Human Ecology, Cornell University*

David C. Stapleton—*Senior Vice President and Director of Applied Economics with The Lewin Group*

**Rehabilitation Research And Training Center
For Economic Research On Employment Policy
For People With Disabilities:
*Framing The Research Issues***

Prepared by:

**Cornell University
The Lewin Group**

October 1999

For more information on the Cornell RRTC contact:
Susanne Bruyère, Ph.D.
Project Director

Cornell University
106 ILR Extension Building
Ithaca, NY 14853-3901

Tel (607) 255-7727
Fax (607) 255-2763
TDD (607) 255-2891

e-mail smb23@cornell.edu
web www.ilr.cornell.edu/rrtc

Send comments on paper to:
Michael E. Fishman
Vice President

The Lewin Group
3130 Fairview Park Drive, Suite 800
Falls Church, VA 22042

Tel (703) 269-5655
Fax 703) 269-5503

e-mail: mfishman@lewin.com
web www.lewin.com

TABLE OF CONTENTS

EXECUTIVE SUMMARY	ES-1
I. INTRODUCTION	1
II. STATEMENT OF PURPOSE	1
III. DESCRIPTION OF PLANNED RESEARCH.....	2
IV. RESEARCH PROJECTS.....	5
PROJECT 1: COMPREHENSIVE ANALYSIS OF THE CURRENT EMPLOYMENT STATUS OF PERSONS WITH DISABILITIES	5
PROJECT 2: LONGITUDINAL ANALYSIS OF THE EFFECTS OF LABOR MARKET CHANGE ON THE EMPLOYMENT AND EARNINGS OF PEOPLE WITH DISABILITIES	6
PROJECT 3: LONGITUDINAL ANALYSIS OF RETURN TO WORK AFTER THE ONSET OF A DISABILITY.....	8
PROJECT 4: LONGITUDINAL ANALYSIS OF THE IMPACT OF CIVIL RIGHTS PROTECTIONS ON THE EMPLOYMENT AND EARNINGS OF PEOPLE WITH DISABILITIES	10
PROJECT 5: LONGITUDINAL ANALYSIS OF THE TRANSITION FROM SCHOOL TO WORK FOR YOUTH WITH DISABILITIES.....	12
PROJECT 6: ANALYZING EMERGING AND IMPORTANT ISSUES AFFECTING THE EMPLOYMENT OF PEOPLE WITH DISABILITIES	14
V. REFERENCES.....	15

EXECUTIVE SUMMARY

This paper is designed to serve as a vehicle to engage the broad policy community in a discussion about proposed research to be conducted at Cornell's Rehabilitation Research and Training Center (RRTC) for Economic Research on Employment Policy for Persons with Disabilities. The paper provides a brief introduction of the purpose of RRTCs followed by a description of the research projects to be conducted over the next five years. Because the projects are in the formative stage, suggestions about information that is most useful to the policy community will aid in targeting the research.

Cornell University in collaboration with The Lewin Group has been funded by the Department of Education, National Institute on Disability and Rehabilitation Research (NIDRR) as the Cornell Rehabilitation Research and Training Center for Economic Research on Employment Policy for People with Disabilities. Under the Department of Education and the Office of Special Education and Rehabilitative Services (OSERS), NIDRR provides leadership and funding for Rehabilitation Research and Training Centers (RRTCs) located throughout the country. Cornell's RRTC is a collaborative research and training effort which includes researchers and practitioners from the Program on Employment and Disability in the Extension Division of Cornell's School of Industrial and Labor Relations, the Department of Policy Analysis and Management in the College of Human Ecology, and Lewin's Applied Economics Practice. Cornell's RRTC is designed to provide a coordinated research, training and dissemination effort to improve the understanding of policy makers and other stakeholders about the role of the economy, public policies, and other environmental factors in the employment and economic self-sufficiency of people with disabilities.

Two themes shape the premise of the Cornell RRTC. First, we frame the employment choices and issues of people with disabilities by applying basic economic theory. Basic economic theory asserts that individuals make choices in line with their interest and preferences. The choices that individuals and employers make are mediated by the condition of the labor market and by government policies and programs that can make employment a more or less attractive option for either party. Our economic approach seeks to bring these factors together to improve our collective understanding of how to develop policies that foster the employment of people with disabilities.

Second, our research will focus on longitudinal analyses of the impact employment policies and other economic factors have on the behavior and decision making process of people with disabilities. Longitudinal studies allow researchers to track individuals over time. Using this form of research will enable RRTC researchers to capture dynamic or changing experiences of individuals with disabilities over time as they respond to such events as initial disablement, school completion, or job loss due to an economic downturn. This will improve upon past research, which has relied primarily on cross sectional data to examine employment experiences of people with disabilities. Cross-sectional data provide a snap shot of a group of individuals' experience at one point-in-time. While it is useful for researchers to compare snapshots of similar groups of individuals taken at different times, such comparisons do not allow researchers to track specific individuals' experience over time, or see how specific individuals respond to

change. Thus, longitudinal research will provide a more complete and comprehensive understanding of employment experiences of people with disabilities.

As Cornell and Lewin continue to develop the six research projects for Cornell's RRTC, we are interested in engaging the broad policy community in a discussion about the proposed research and how the projects would be most useful to policy makers. The following information offers a brief synopsis of each research project.

RESEARCH PROJECT SUMMARIES:

- **Comprehensive Analysis of the Current Employment Status of Persons with Disabilities:** What are the major environmental factors that influence the employment outcomes of people with disabilities? How can employment policy and program development address these factors to improve employment outcomes of people with disabilities? Using both cross-section and longitudinal data, researchers will address these and other policy issues by providing a comprehensive descriptive analysis of the employment status of people with disabilities and the economic well-being of their families.
- **Longitudinal Analysis of the Effects of Labor Market Change on the Employment and Earnings of People with Disabilities:** How can mainstream employment programs better help people with disabilities cope with labor market cycles and other changes? How should these programs be coordinated with other income support programs for people with disabilities? Will this aid in decreasing the number of workers with disabilities who access income support programs during recessions and increase the number who return to work during recoveries? Will this help people with disabilities adjust to structural changes in the labor market and the nature of work? To address these and other concerns, researchers plan to use data from the Survey of Income and Program Participation (SIPP), possibly matched to SSA administrative data on Social Security earnings and participation in the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs. They will then examine the effects that both short-term economic fluctuations (i.e., the business cycle) and long-term labor market trends have on the employment, earnings, and program participation of people with disabilities.
- **Longitudinal Analysis of Return to Work after the Onset of a Disability:** What factors influence the decisions people with disabilities make to enter, re-enter, or exit the workforce? What determines whether or not an employer will accommodate the needs of workers with disabilities? The research team will address these issues by testing the importance of varying policy choices and socioeconomic conditions on people with disabilities making a transition from one job to another or from a job to leaving the labor force.
- **Longitudinal Analysis of the Impact of Civil Rights Protections on the Employment and Earnings of People with Disabilities:** How have civil rights laws and the passage of ADA affected the employment status of people with disabilities? What policy changes concerning civil rights are needed to improve the labor force participation rates of working age people with disabilities? This study will address these and other policy issues by measuring the impact of civil rights legislation on the accommodation and employment of people with disabilities.

- **Longitudinal Analysis of the Transition from School to Work for Youth with Disabilities:** How does the economic environment influence the transition from school to work for youth? How do youth with disabilities making the transition from school to work adapt to fluctuations in the economic environment? How can public policy enhance the adult employment outcomes of youth with disabilities? To address the complex issue of transition from school to work for youth, the research team will focus on the impact that economic environment and policies have on adult economic outcomes of youth with disabilities.
- **Analyzing Emerging and Important Issues Affecting the Employment of People with Disabilities:** This project will focus on analyzing current policy issues that may have a substantial impact on the employment and earnings of people with disabilities and issues that become of interest to NIDRR as the project progresses over the next five years. The research team will assess which issues regarding the employment of people with disabilities require additional in-depth analysis, while also examining the gaps that still remain in our current knowledge about employment outcomes for people with disabilities.

FRAMING THE RESEARCH ISSUES:*Cornell's Rehabilitation Research and Training Center for Economic Research on Employment Policy for Persons with Disabilities***I. INTRODUCTION**

This paper is designed to serve as a vehicle to engage the broad policy community in a discussion about proposed research to be conducted at Cornell's Rehabilitation Research and Training Center (RRTC) for Economic Research on Employment Policy for Persons with Disabilities. The paper provides a brief introduction of the purpose of RRTCs followed by a description of the research projects to be conducted over the next five years. Because the projects are in the formative stage, suggestions about information that is most useful to the policy community will aid in targeting the research.

Working-age Americans with disabilities continually struggle with problems of unemployment and underemployment. Among those in the labor force, the unemployment rate for people with disabilities is more than double that of non-disabled workers—12.6 percent versus 5.7 percent in 1996. In addition, many people with disabilities who might like to work are not counted as being in the labor force, because they are too discouraged to look for work. Some recent trends in the nation's labor market have likely made it increasingly difficult for people with disabilities to obtain and maintain employment. Companies who have been forced to downsize are now relying on contingent employees (i.e., on-call workers, independent contractors, temporary agency workers) who do not require a long-term commitment. Many of these types of jobs lack the security and benefits, particularly health insurance, that many people with disabilities say they need to participate in the labor force. At the same time, though, advances in technology are providing new work opportunities to some people with disabilities. Disability advocates and policy makers alike support the notion of promoting employment and self-sufficiency among people with disabilities. Yet, each group struggles to understand how best to facilitate increased employment and greater self-sufficiency.

The effect of economic trends on the employment of people with disabilities and public policy responses to these trends merit increased investigation. Short and long term changes in the labor market are believed to have different impacts on the employment opportunities of people with disabilities than on those for people without disabilities. Unemployment rates for people with disabilities increase by more during a recession than those of people without disabilities, and recover more slowly following a recession (Yelin and Katz, 1994). Thus, people with disabilities are more apt to be affected by business cycles which influence overall job opportunities. Even with mutual agreement about the benefits of integrating people with disabilities into the labor force, the complexities of employing people with disabilities are far reaching. Therefore, investigative studies that are national in scope and test alternative public policies are essential.

II. STATEMENT OF PURPOSE

As a result of section 204 of Title II of the Rehabilitation Act of 1973, as amended, P.L. 102-569, the Secretary of Education is authorized to make awards to states and other public or nonprofit agencies and organizations, including institutions of higher education, for Rehabilitation Research and Training Centers (RRTCs) that serve as centers of national or

regional resources conducting advanced programs of research in rehabilitation. Under the Department of Education and the Office of Special Education and Rehabilitative Services (OSERS), the National Institute on Disability and Rehabilitation Research (NIDRR) provides leadership and support for these comprehensive programs of research relating to the rehabilitation of individuals with disabilities. Currently, NIDRR funds and coordinates numerous RRTCs located throughout the country. Each center focuses on a particular aspect of behavioral, medical, or vocational rehabilitation. Some centers address research and training by disability area such as deafness, low vision, spinal cord injury, or long-term mental illness, while other centers focus on independent living, demographics, housing, service delivery, and information systems. Programmatic efforts are aimed at improving the lives of individuals with disabilities from birth through adulthood. The primary activities of these centers are:

- To conduct research targeted toward the production of new knowledge which will improve rehabilitation methodology and service delivery systems, alleviate or stabilize disabling conditions, and promote maximum social and economic independence, and
- To institute related teaching and training programs to disseminate and promote the utilization of research findings, thereby reducing the usual long intervening delay between the discovery of new knowledge and its wide application in practice (DOE, NIDRR, 1998).

These activities are designed to be mutually supportive enabling research ideas to develop from service delivery problems, research findings to be shared via training, and new professionals to be attracted to research and service via training. Generally, these programs are awarded for a period of five years.

Cornell's RRTC is one of six recently awarded RRTCs. The purpose of this particular RRTC is to conduct economics-based research to better understand the relationship between public policy and employment outcomes for people with disabilities. The remaining newly awarded RRTCs have been created to: (1) improve the effectiveness of State service systems on promoting employment outcomes for people with disabilities, (2) improve Community Rehabilitation Programs' (CRP) role in promoting employment outcomes for people with disabilities, (3) identify and evaluate effective workplace supports that improve employment outcomes for people with disabilities, (4) increase access and improve outcomes for individuals with disabilities in post-secondary education programs; and (5) explore employment policies for persons with disabilities.

III. DESCRIPTION OF PLANNED RESEARCH

Cornell University in collaboration with The Lewin Group has been funded by the Department of Education, NIDRR as the Cornell Rehabilitation Research and Training Center for Economic Research on Employment Policy for People with Disabilities. This five-year 3.5 million dollar research and training effort is a collaborative effort which includes researchers from the Program on Employment and Disability in the Extension Division of Cornell's School of Industrial and Labor Relations, the Department of Policy Analysis and Management in the College of Human Ecology, and Lewin's Applied Economics Practice. The task of Cornell's RRTC is to provide a coordinated research, training and dissemination effort in order to improve the understanding of

policy makers and other stakeholders about the role of the economy, public policies, and other environmental factors in the employment and economic self-sufficiency of people with disabilities. As part of the project, two summer training institutes on disability issues and a national conference on disability policy will be developed. We will also design monographs and publications of the findings from six research projects conducted under the grant.

Cornell's RRTC is expected to benefit people with disabilities who are seeking employment. Training will result in increased competencies of researchers who in turn will be able to improve knowledge about the impact of employment policies—knowledge that will further the understanding of those involved in the employment process, including the individual with a disability, the employer, and the counselor assisting in the placement process. This integrated program of research has the potential to benefit people with disabilities by:

- Identifying the major environmental factors that influence employment outcomes of people with disabilities, and exploring approaches for addressing these factors;
- conducting a comprehensive analysis of the employment status of people with disabilities and identifying gaps in current data availability and collection methodologies;
- identifying and analyzing factors such as pre- and post- disability earnings, education, type of job, personal assistance service, and benefit design, that predict return-to work;
- analyzing the impact of civil rights protections on the employment and earnings of people with disabilities;
- identifying and analyzing policies that foster or impede the participation of transitioning students in rehabilitation or employment service programs; and
- analyzing employment issues and policies regarding people with disabilities that may emerge during the five-year study.

The Cornell and Lewin research team recognize that disability is a dynamic process. Thus, the core of the research is rooted in basic economic theory and longitudinal analyses. Basic economic theory postulates that an individual's preferences and an hours/earnings trade-off influence how much labor an individual will be willing to supply. Individuals must choose how to allocate their limited time between (market) work activities and all other activities. Non-work activities include all forms of unpaid work and self-care, euphemistically referred to as "leisure" activity.

For people with disabilities, the tradeoff between work and other activities is likely to be influenced by the availability of other sources of income (i.e., disability benefits, which are contingent on earnings, or spousal earnings), of health insurance, which is often contingent on employment or public program participation, and labor market conditions. Job opportunities for people with disabilities may be affected by the disability itself, as impairment may reduce productivity, influence employer perceptions of productivity, or be a source of discrimination by employers, their employees, and their customers. To participate in the labor market, people with disabilities may also be required to incur additional expenses, such as the costs of rehabilitation,

special transportation, assistive devices, or personal assistance services. All else equal, these additional financial work-related expenses will further constrain the decision to work and might even render the net gains to working negative, unless paid by a third party.

The demand for workers with disabilities by firms will depend on the productivity of these workers and the costs the firm must incur to hire them. If workers with disabilities require special accommodations, the cost of these accommodations will be taken into account when deciding whether or not to hire or retain workers with disabilities. In theory, if firms do not believe that a worker's pay plus the cost of either their investment in accommodations or their support for developing the worker's capabilities will be entirely offset by the worker's productivity, accommodation will not occur and workers with disabilities will not be hired or retained.

The choices that individuals and employers make are mediated by the condition of the labor market and by government policies and programs that can make employment a more or less attractive option for either party. Our economic approach seeks to bring these factors together to improve our collective understanding of how to develop policies that foster the employment of people with disabilities.

Our research will focus on longitudinal analyses of the impact that employment policies and other economic factors have on the behavior of people with disabilities. Longitudinal studies allow researchers to track individuals over time as they respond to such events as initial disablement, school completion, or job loss due to an economic downturn. Using this form of research will enable RRTC researchers to capture dynamic or changing experiences of individuals with disabilities over time, and improve upon past research that has relied primarily on cross sectional data to examine employment experiences of people with disabilities. Cross-sectional data provides a snap shot of a group of individuals' experience at one point-in-time. While it is useful for researchers to compare snapshots of similar groups of individuals taken at different times, such comparisons do not allow researchers to track specific individuals' experience over time. For instance, longitudinal data are required to see how the earnings and other income of a person with disabilities recover following initial disablement or loss of a job due to a recession. Longitudinal research will provide a more complete and comprehensive understanding of employment experiences of people with disabilities.

Analysis of longitudinal data will provide information about how employment and well-being varies over time and what occurs before and after the onset of a disability and other events that commonly affect employment. The data are collected through surveys such as the Survey of Income and Program Participation (SIPP), the Health and Retirement Survey (HRS), the National Longitudinal Transitions Survey (NLTS), and the National Education Longitudinal Study of 1988 (NELS), as well as in administrative data. These data give researchers the capability to follow the employment experiences of specific individuals with disabilities over time. The longitudinal studies are expected to provide more definitive answers to questions regarding the employment and economic well-being of people with disabilities.

IV. RESEARCH PROJECTS

Project 1: Comprehensive Analysis of the Current Employment Status of Persons with Disabilities

Policy Issue

What are the major environmental factors that influence the employment outcomes of people with disabilities? How can employment policy and program development address these factors to improve employment outcomes of people with disabilities?

Background

Over the last two decades, researchers have been unable to fully capture changes in disability status or in economic outcomes such as employment and economic well-being over the lifetime of people with disabilities. Researchers have generally relied on yearly cross-sectional data to empirically establish the demographic characteristics of the population with disabilities. However, cross-sectional data cannot monitor the employment and well being of specific individuals with disabilities over time and capture their mobility into and out of employment or poverty. Researchers have instead compared single year cross-sections of data over a number of years resulting in a less dynamic analysis of what environmental factors influence the employment practices of people with disabilities.

Research Plan

Using both cross-section and longitudinal data, researchers will provide comprehensive descriptive analysis of the employment status of persons with disabilities and the economic well-being of their families. Cross-sectional data from the Current Population Survey (CPS) and the National Health Interview Survey (NHIS) surveys will be used to show how employment and well-being vary over time and across states for the population with disabilities and for vulnerable sub-populations. Longitudinal data from the Survey of Income and Program Participation (SIPP), perhaps matched with Social Security Administration (SSA) administrative records will give us the capability to follow the employment experiences of specific individuals with disabilities over time.

The research plan is designed to answer the following questions:

1. How do the employment, economic well-being, and program participation of people change following the onset of a disability?
2. How does the risk of exit from the workforce, or of a significant drop in economic well-being, or of an entrance into a disability transfer program change following onset of a disability?
3. How have the employment, compensation (wages and health insurance coverage) economic well-being, and program participation of people with disabilities varied across the 1980s and 1990s?

4. How do these outcomes vary relative to the population without disabilities? How do they vary among sub-populations that are often disadvantaged in employment (minorities, women, people with limited education)? How much do they vary across states?

Relevance For Public Policy

Increased knowledge about what influences the employment outcomes of people with disabilities is crucial to employment policy and program development. By using longitudinal analyses to describe employment transitions and outcomes of people with disabilities, we will provide policy officials with a richer and more in-depth understanding of the employment process for individuals with disabilities. The research will provide members of the policy community and others with:

- sophisticated descriptive information on employment, compensation, economic well being, and program participation outcomes;
- a web site to post results and regularly update them as new data become available;
- a series of policy notes and electronic mailings to interested stakeholders;
- an e-mail system to respond to special requests for information about specific populations or demographic groups;
- documentation about how state demographic groups compare to national averages with respect to employment or economic well-being; and
- an archive of large data sets in a more “user friendly” form.

As stakeholders address the complexities of employing people with disabilities, access to information from this research can aid them in making informed employment policy decisions.

Staff

Principal Investigator R. Burkhauser, Cornell University; Co-Principal Investigators S. Bruyère, Cornell, D. Wittenburg, Lewin, and A. Houtenville, Cornell.

Project 2: Longitudinal Analysis of the Effects of Labor Market Change on the Employment and Earnings of People with Disabilities

Policy Issue

How can mainstream employment programs better help people with disabilities cope with labor market cycles and other changes? How should these programs be coordinated with other income support programs for people with disabilities? Will this aid in decreasing the number of workers with disabilities who access other income support programs during recessions and increase the number who return to work during recoveries? Will this help people with disabilities adjust to structural changes in the labor market and the nature of work?

Background

Both short- and long-term changes in the labor market likely have very different impacts on workers with disabilities than on those without disabilities. In the short-term, cross-section statistics indicate that workers with disabilities are the first fired during a recession and the last hired in the subsequent recovery. Participation in Social Security income-support programs for people with disabilities also grows during recessions, and few new entrants to the programs leave during economic recovery. Thus, it appears that recessions permanently “sweep” many workers with disabilities out of the labor force, and into support programs.

Long-term labor market developments have mixed implications for employment of people with disabilities. Developments in information technologies and assistive devices have enabled people with disabilities to engage in work that they could not have done in the past, as well as created new types of jobs that some people with disabilities are capable of performing. However, the labor market for jobs that require limited education and skills—where many people with disabilities have found work in the past—is becoming more competitive due to improvements in automation and increased competition from low-skill labor in other countries. In addition, there is a trend away from stable, long-term jobs that offer health insurance and other benefits, and toward jobs that are more temporary or intermittent in nature.

Past research on these issues has been largely limited to examining repeated cross section survey data on employment and earnings of people with disabilities under various macroeconomic circumstances. Cross-sectional data cannot show how the experience of workers with pre-existing disabilities differs from that of workers without disabilities when economic change occurs. More generally, repeated cross sections do not allow researchers to relate employment and earnings experience after an economic event to pre-event individual characteristics (including, but not limited to, disability) and job characteristics.

Research Plan

Researchers will examine the effects that both short-term economic fluctuations (i.e., the business cycle) and long-term labor market trends have on the employment, earnings, and program participation of people with disabilities. Ideally, the research team would pool data from the Survey of Income and Program Participation (SIPP) that have been matched to Social Security Administration administrative data on Social Security earnings and participation in the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs. The analysis will focus on labor force participants, including those seeking work. The research team will match each respondent’s data to external information about the labor market in the respondent’s state. A major focus of the study will be the analysis of how possible effects of economic changes vary with the characteristics of both the individual (e.g., education) and the individual’s initial or most recent job (e.g., industry).

The research plan is designed to answer the following questions:

1. How do business cycles affect the employment and earnings of people with disabilities relative to those without disabilities, and how do findings vary with individual and job characteristics? More specifically, how many lose their jobs because of a recession; how

rapidly, and to what extent, do employment and earnings recover after a recession; to what extent do recessions result in permanent exit of workers with pre-existing disabilities from the labor force; and what share of those who leave permanently obtain SSDI and/or SSI benefits?

2. To what extent does industrial downsizing result in job loss for people with disabilities relative to those without disabilities, and how does this vary with characteristics of workers and their jobs. More specific, how many lose their jobs; how rapidly, and to what extent, do employment and earnings recover after job loss due to downsizing; to what extent does downsizing result in permanent exit from the labor force; and what share of those with disabilities who leave permanently obtain SSDI and/or SSI benefits?
3. How will expected future trends in the industrial composition of employment affect employment and earnings of people with disabilities?

In each case researchers will examine how the answers depend on the characteristics of the individual with disabilities and, when relevant, the characteristics of their current or most recent job.

Relevance For Public Policy

The analysis will quantify the extent to which workers with disabilities are permanently swept out of the labor force and into income-support programs by recessions and by structural changes in the labor market. The findings could spur thinking about policies to help people with disabilities cope with business cycles (e.g., special modifications to mainstream Unemployment Insurance [UI] and Employment Training Services [ETS] programs) without making them permanently dependent on SSDI and/or SSI. This would be a break from the past, in which public policy has focused on the provision of rehabilitation services for people with disabilities who want to work, and permanent support for those who “cannot.” The analysis should also spur thinking about how workers with disabilities can best adjust to long-term changes in the labor market, and how public policy can support that adjustment. Outputs of this research will include:

- Simulations of the effects of the 1990-91 recession and the following sustained recovery on employment, earnings and program participation of people with pre-existing disabilities, and the characteristics of those affected; and
- Estimates of how long-term changes in the labor force affect employment of people with disabilities, focusing on how the effects differ with the characteristics of the individual.

Staff

Principal Investigator D. Stapleton, Lewin; Co-Principal Investigator D. Wittenburg, Lewin.

Project 3: Longitudinal Analysis of Return to Work after the Onset of a Disability

Policy Issue

What factors influence the decisions that people with disabilities make to enter, re-enter, or exit the workforce? What determines whether or not an employer will accommodate the needs of workers with disabilities?

Background

Burkhauser and Daly (1996) and Burkhauser and Wittenburg (1996) find that employment drops dramatically following the onset of a disability. Drops in employment reduce productivity in the economy and also can lead to a significant drop in the economic well being of the families of such workers. The decisions individuals with disabilities make to work or leave the labor force are often influenced by economic incentives, and the willingness of an employer to accommodate the worker. Both of these behavioral responses are conditioned by the overall economic environment and by public policies toward work.

Research Plan

Researchers will test the effect of specific policies and socioeconomic circumstances on the transition by persons with disabilities from one job to another or from a job to leaving the labor force. They will also focus on decisions to continue working made by individuals who were working at the onset of a disability. The research team will then identify determinants of transitions to work and predict transitions following the onset of a disability for individuals who were not working at the onset. These latter transitions have not been formally modeled in the disability literature. Findings should provide greater insight into the types of policies that might be useful in the transition to work. The research questions for this project are:

1. How long does the average worker remain on the job following the onset of a disability?
2. What factors influence length of stay on this job (e.g. expected earnings, expected disability benefits, general economic conditions, accommodation, job characteristics and occupation, industry, and union status)?
3. How would changes in government policies that increased the likelihood of accommodation or reduce the likelihood of acceptance into SSDI change the length of stay in employment of workers with disabilities?

Relevance For Public Policy

Economic conditions and public policies influence not only the decisions that people with disabilities make to enter, re-enter, or exit the workforce, but also the decisions that employers make regarding whether or not to accommodate the needs of workers with disabilities. What is missing is a better understanding of the factors that affect these decision making processes. Thus, with this project, we anticipate the findings will offer the policy community and other stakeholders better insight into the labor force transitions of people with disabilities. Some of the research will provide:

- Estimates of the actual change in employment following the onset of disability as well as how policies can influence this outcome;
- Calculations of change in total income;
- Calculations about the number of people who will fall into poverty following the onset of a disability; and
- Information about how policies that increase accommodation or change the likelihood of acceptance into SSDI affect various populations.

With this information, policy makers can begin developing approaches for increasing the length of stay in the workforce for people with disabilities, which could result in an increase in productivity and a reduction in the need for disability-based transfers.

Staff

Principal Investigator R. Burkhauser, Cornell; Co-Principal Investigator J.S. Butler, Cornell University

Project 4: Longitudinal Analysis of the Impact of Civil Rights Protections on the Employment and Earnings of People with Disabilities

Policy Issue

How have civil rights' laws and the passage of the ADA affected the employment status of people with disabilities? What policy changes are needed to improve the labor force participation rates of working age people with disabilities?

Background

The net effect of civil rights protection as provided in the Americans with Disabilities Act (ADA) of 1990 on the employment of people with disabilities is an open question. The ADA mandates that employers treat workers with disabilities equally with respect to hiring, promotion, wages, and termination of employment. Some evidence has shown that accommodation significantly increases the duration of employment and delays application for SSDI following the onset of a disability (Burkhauser et al., 1995, Burkhauser et al., forthcoming). However, it is unclear if civil rights protection has increased the likelihood that accommodation is offered. Even though yearly cross-sectional data comparisons of the labor force participation rates of working age people with disabilities appear to show that employment fell in the 1990s following passage of the ADA, the correlation does not imply causation.

Research Plan

For this project, researchers intend to look more closely at the employer's decision with respect to the provision of accommodation and provide an alternative and broader based look at the consequences of the ADA on overall employment of people with disabilities using SIPP data, potentially matched to SSA administrative data. We will use a model of the labor market which

controls for socioeconomic, economic, job-related, and policy-related factors. We will then propose empirical tests with longitudinal and cross-sectional data to measure the impact of civil rights legislation on the accommodation and employment of people with disabilities. The research team expects to answer the following questions:

1. How much do fair employment practice laws influence the decision of employers to provide accommodation to workers who experience the onset of a disability?
2. What is the marginal effect of this increase in accommodation on employment?
3. How sensitive are standard economic models of the employment effects of the ADA to changes in specification and the introduction of other policy variables?
4. Has fair employment practice legislation like the ADA increased employment of people with disabilities, as imperfect information or discrimination models predict, or has it decreased their employment as the dominant economic efficiency model predicts?
5. Are children with disabilities more likely to be integrated into the labor market as they reach adulthood in states with fair employment practice laws?

Relevance For Public Policy

Knowing how existing legislation regarding people with disabilities is impacting their employment status is important to policy officials. Examining the effectiveness of laws originally designed to integrate people with disabilities into the workforce and protect them against misinformation and discrimination can better inform policy makers as they implement policies. Therefore, with our research, we intend to provide:

- evidence of whether or not fair employment practice laws had an affect on employer behavior prior to the passage of ADA;
- predictions about the importance of civil rights' laws in increasing accommodation and simulations of individual work outcomes and outcomes for specific populations; and
- discussions of this policy debate that will be accessible to policy makers, practitioners and consumers, via policy briefs and e-mailing postings.

These will assist the policy community in reviewing the role legislation like the ADA has played on the accommodation and labor force participation rates of working age people with disabilities.

Staff

Principal Investigator R. Burkhauser, Cornell University; Co-Principal Investigator J.S. Butler, Cornell University

Project 5: Longitudinal Analysis of the Transition from School to Work for Youth with Disabilities

Policy Issue

How does the economic environment influence the transition from school to work for youth? How do youth with disabilities making the transition from school to work adapt to fluctuations in the economic environment? How can public policy enhance the adult employment outcomes of youth with disabilities?

Background

On average, youth with disabilities experience poorer educational outcomes compared to their non-disabled counterparts. Findings from the Center for Education Statistics' National Education Longitudinal Study of 1988 (NELS) indicate that students with disabilities earned fewer units in core curriculum areas, had more often repeated a grade prior to eighth grade, and were more likely to have participated in dropout prevention programs compared to their non-disabled counterparts. This study also found that fewer than 17 percent of youths with disabilities had gained access to post secondary vocational programs three to five years after the age of high school completion, and approximately 43 percent of youths with disabilities remained unemployed three to five years later. Many who were employed only had part-time jobs with low wages. The transition from school for others meant looking to family members for financial support.

According to recent studies, young people with disabilities are still less likely to be employed after leaving high school than young people without disabilities. Using data from the National Longitudinal Transition Survey (NLTS) and the National Longitudinal Survey of Youth (NLSY), Wagner and Blackorby (1996) found that three to five years after leaving high school, 69 percent of young people in the general population are employed competitively, while only 57 percent of young people with disabilities are employed. Wagner and Blackorby (1996) also point out that young people with disabilities from low income households were not less likely to work than those from high-income households, but they earned less per year than those from wealthier families.

Research Plan

Researchers will use longitudinal data to broadly examine school to work transitions and adult outcomes of children with disabilities. They will analyze the role that public policy, the economic environment, and other factors play in promoting or hindering economically successful transitions from childhood to adulthood for people with disabilities. This project seeks to find answers to the following questions:

1. Which factors influence the youth's preparedness for employment?
2. What determines the level and type of effort devoted in preparing the youth for employment?
3. What type of employment and program participation transitions do youths with disabilities make after they have completed their formal schooling?

4. What are the employment, income, program participation, and independent living outcomes for adults who had childhood disabilities, and how do they vary with individual characteristics and childhood circumstances?
5. What effect do the current public policies have on the incentives for youths making transitions from school to work?

Relevance For Public Policy

Many people recognize the need for service delivery systems supporting the transition of youth with disabilities to adult living, while also acknowledging the importance of including people with disabilities in all areas of American society. Yet, youth with disabilities continue to experience gross unemployment and underemployment when they become adults. Several factors might be influencing this reoccurring phenomena. The research team expects to address this issue by providing;

- A review of data on the school to work transition for youths with disabilities;
- A synthesis of existing research that uses relevant longitudinal data to analyze the transition from school to work for youth with and without disabilities;
- A review of current public policies that influence the choices of youths with disabilities;
- An economic analysis of the determinants of educational investments and outcomes for youth with disabilities, using longitudinal data;
- An economic analysis of the effects of financial incentives to work on post-school employment and program participation for youth with disabilities;
- A simulation of employment and program participation effects of at least one public policy that increases the pay-off to work for young adults with disabilities; and
- A summary of the major findings of our research on school to work transitions by youths with disabilities;

Findings should help the policy community and other stakeholders better understand the economic environment of the transition from school to work, how youth with disabilities can best adapt to this environment, and how changes in public policy affect this environment. We hope the findings will spur policy changes that promote better adult employment outcomes for youth with disabilities.

Staff

Principal Investigator, D. Stapleton, Lewin; Co-Principal Investigators, M. Fishman, Lewin, G. Livermore, Lewin, and T. Golden, Cornell University

Project 6: Analyzing Emerging and Important Issues Affecting the Employment of People with Disabilities

Policy Issue

What issues regarding the employment of people with disabilities require additional in-depth analysis? What is missing in our current knowledge about employment outcomes for people with disabilities?

Background

It is important to assure that the RRTC's core research agenda is understood by and relevant to the information needs of NIDRR, key policy officials, and consumer and provider stakeholders. In addition, the ability to analyze key issues as they become important, and to provide timely information about issues to policy makers, is crucial to the development of policies that promote the employment of people with disabilities.

Research Plan

The goal of the research team is to provide timely, accessible, and analytical information to policy makers and consumer and provider interest groups about policy issues that may have a substantial impact on the employment and earnings of people with disabilities and to allow for flexibility in the RRTCs research agenda so that issues that become of interest to NIDRR over the next five years may be addressed through analytical research. Research questions for this study will emerge as significant issues pertaining to the employment of people with disabilities arise during the five-year project. This research project will,

- establish a baseline of programs, policies, and issues affecting the employment of people with disabilities;
- develop and refine, with the input of key policy officials and stakeholders, an “issues framework” that refines the research and products to be produced by the Cornell RRTC; and
- identify and conduct two in-depth studies, with both qualitative and quantitative components, of emerging programs or policies designed to affect the employment of people with disabilities.

Relevance For Public Policy

The “issues framework” will provide an opportunity for Cornell and Lewin researchers to conduct a dialogue with key policy officials in order to assure that planned research is designed to best meet their information needs. Researchers will also identify key policies or issues that are candidates for two additional in-depth studies using both qualitative and quantitative methods. Selection criteria for policies and issues warranting further analysis will be based on: (1) the importance of the issue (i.e., a policy or issue affecting a large number of people with disabilities, one that represents a dramatic change from current programs or policies, or one that addresses a gap in the current state of knowledge as identified in our baseline synthesis); and (2) the availability of data and methods to conduct an adequate quantitative assessment of the policy or issue.

During the third year of the project, the research team will begin to identify the candidate research issues and design analyses. One study on a specific issue will be conducted during each of years 4 and 5. The selection of the specific research topic will be made in consultation with the NIDRR project officer and the Advisory Board.

Staff

Principal Investigator, M. Fishman, Lewin; Co-Principal Investigators, G. Livermore, Lewin, and S. Bruyère, Cornell University

V. REFERENCES

- Burkhauser, Richard V. and Mary C. Daly. 1996. "Employment and Economic Well-being Following the Onset of a Disability: The Role for Public Policy." In Jerry Mashaw, Virginia Reno, Richard V. Burkhauser, and Monroe Berkowitz (eds.), *Disability, Work, and Cash Benefits*. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, pp. 59-102.
- Burkhauser, Richard V. and David C. Wittenburg. 1996. "How Current Disability Transfer Policies Discourage Work: Analysis from the 1990 SIPP," *Journal of Vocational Rehabilitation*, 7(1/2) (August): 9-27.
- Burkhauser, Richard V., J.S. Butler, and Yang Woo Kim. 1995. "The Importance of Employer Accommodation on the Job Duration of Workers with Disabilities: A Hazard Model Approach," *Labour Economics*, 3 (1) (June): 1-22.
- Burkhauser, Richard V., Barbara A. Butrica, and Mary C. Daly. Forthcoming. "The PSID-GSOEP Equivalent File: A Product of Cross-National Research." In Wolfgang Voges (ed.), *Dynamic Approaches to Comparative Social Research: Recent Developments and Applications*. Aldershot, Great Britain: Avebury, pp. 35-48.
- Wagner, M.M., and Blackorby, J. (1996). "Transition from High School to Work or College: how Special Education Students Fare." *Special Education for Students with Disabilities*, 6 (1), 103-120.
- Yelin, E.H., and Katz, P.P. 1994. "Labor Force Trends of People With and Without Disabilities." *Monthly Labor Review*, 117(10), 36-42.

For more information about the Cornell RRTC contact:

Susanne Bruyère, Ph.D.

tel (607) 255-7727

Project Director

fax (607) 255-2763

Cornell University

TDD (607) 255-2891

106 ILR Extension Building

e-mail smb23@cornell.edu

Ithaca, NY 14853-3901

web www.ilr.cornell.edu/rrtc