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Jobless rate of disabled rose in economic boom, report says

By Thomas Ginsberg
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In a new study, Cornell University researchers say joblessness among disabled workers actually rose slightly during the 1990s, despite the economic boom.

The controversial figures, compiled and analyzed for the Federal Reserve Bank, could fuel debate about the effect on employment of disability insurance and laws such as the landmark 1990 Americans With Disabilities Act.

The Cornell study, released this week, found that the proportion of people who reported that a physical or mental condition prevented them from working or limited their work was slightly higher in 1999 than in 1992.

During the same period, overall national unemployment fell to its lowest levels in years.

Until the early 1990s, employment levels of disabled workers generally had moved in harmony with the overall rate.

"This is very disturbing," said Richard V. Burkhauser, a coauthor of the study and a professor of policy analysis and management at Cornell, in Ithaca, NY.

"In this tremendous growth period we've had, there should be an increase in employment."

The study is the focus of a spirited debate among researchers over both the validity of the figures and possible explanations. If true, the figures could mean that people with disabilities not only missed the economic boom, but that congressional efforts to help them partially failed at the precise period when they should have succeeded most.

The study, based on data from the Current Population Survey, was written by Burkhauser, Cornell researcher Andrew J. Houtenville and Mary C. Daly of the Federal Reserve Bank of San Francisco.

The researchers found that disabled workers' unemployment mirrored the national trend until 1992, the year the Americans With Disabilities Act went into effect and also the peak of unemployment at the start of the current booming business cycle.

The study found that in 1999, 10.8 percent of Americans of working age reported that a disability was partially or completely limiting their ability to work, down from 11.3 percent in the mid-1990s and essentially unchanged from 1992's level of 10.7 percent.

But during the same period, the country's annual unemployment rate dropped - from 7.5 percent in 1992 to 4.2 percent last year.

Pennsylvania was among some states that had fared better than the national average since 1992. The study found 10.9 percent of people in the state reported that a disability limited their work last year, down from 11.5 percent in 1992.

On the other hand, New Jersey's rate of work disabilities rose to 8.1 percent last year, compared with 7.2 percent in 1992. Delaware's rate rose to 9.7 percent last year from 8.1 percent in 1992.

Burkhauser said the figures were adjusted for changes in income, age and prevalence of people with disabilities in the workforce since the 1980 Census.

The researchers do not have a definitive explanation for the trend, but Burkhauser said the figures show that attention probably should focus on the effect of laws such as the Disabilities Act and on loosened eligibility rules for federal disability insurance designed for workers with severe disabilities.

"The whole point of the ADA is to say that everybody, given appropriate accommodations, can work," Burkhauser said. "So why is there a rise in the number of people who cannot work?"

The Americans With Disabilities Act, which was approved by Congress in 1990 and went into effect in mid-1992, was intended in part to bring more disabled people into the workforce by requiring employers to make accommodations to their needs and making it harder for them to be fired.

But some researchers contend that the law may have backfired, resulting in lawsuits and costs that made employers less, not more, willing to hire workers with disabilities.

Thomas DeLiere, a University of Chicago economist who has studied the issue, said the Cornell figures help eliminate the possibility that the economy was to blame for unemployment of disabled people.

"The ADA has raised the cost for certain employers," DeLiere said, citing the cost of required modifications at the workplace as well as the cost of terminating an unsatisfactory worker.

"The ADA has many goals," DeLiere said. "If you want the goal of increasing employment of people with disabilities to succeed, there may need to be a change in the law."

Other researchers, however, argued the jury is still out. John Bound, professor of economics at the University of Michigan, said federal disability insurance also has become easier to get and keep since the late 1980s and could account for the rising number of unemployed disabled workers.

"Do I believe that it's all the reason? No," Bound said. He said a combination of factors could be blamed, including the fact that proportionally fewer jobs today offer health insurance and that attitudes about work may have changed because of the ADA.

"The ADA also may be keeping employers from firing people, so the results are ambiguous," Bound said.

The effect of the Cornell study and other studies on federal law would be hard to gauge. Bound said

proponents of cutting disability insurance may have a harder time than did reformers of welfare in the mid-1990s.

"There's more sympathy for the disabled 45-year-old man than for the woman who had four children out of wedlock," Bound said. "So it's harder to cut disability benefits than to cut welfare benefits. And the person on DI may be more likely to be a voter."

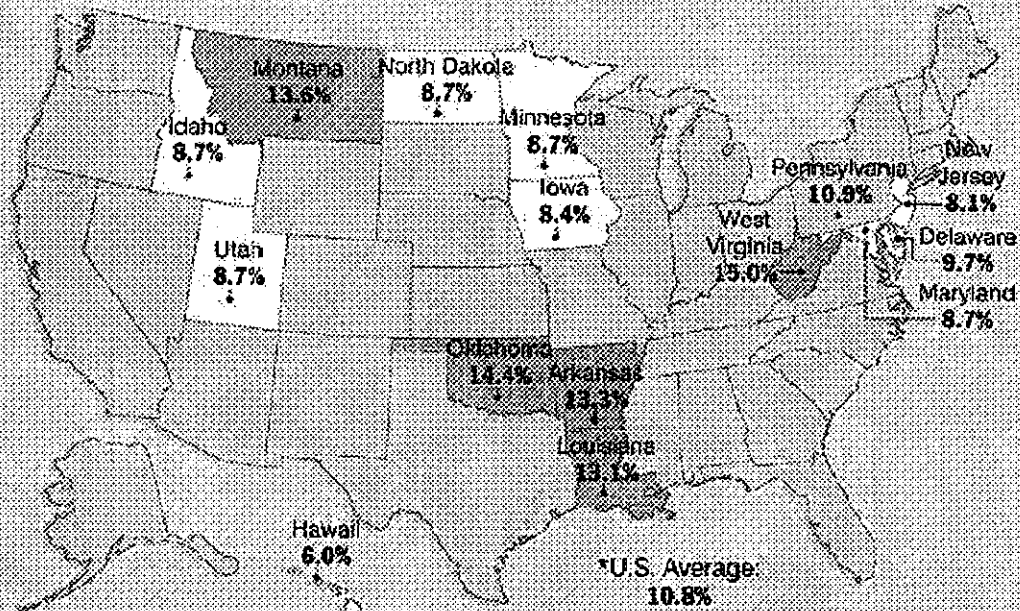
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Disabled Americans

The map shows states that in 1999 had the largest and smallest percentages of residents with a disability that prevented them from working or limited their work. Pennsylvania and Delaware also are included.

- Largest percentage of residents with a work disability.
- Smallest percentage of residents with a work disability.



Disabled is defined as a person fitting one of these categories:

- Has a health problem that prevents working or limits work.
- Does not work because of illness or disability.
- Retired or resigned for health reasons.
- Receives veteran's benefits due to a service-contracted disability.
- Receives workers' compensation or other benefits because of a job-related injury or illness.
- Receives Supplemental Security Income benefits and is less than 65 years old.
- Receives Medicare benefits and is less than 65 years old.