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H. Allan Hunt

Institute Research and Public Policy on Disability

The past 30 years have been a period of fundamental change in public policies that relate to disability, from the Occupational Safety and Health Act (OSHA) of 1970, through hundreds of state workers' compensation enactments of the 1980s and 1990s and the Americans with Disabilities Act (ADA) of 1990, to the Workforce Investment Act (WIA) of 1998. The Upjohn Institute has maintained an active research interest in disability issues through most of this period. This article briefly reviews Institute contributions and outlines some research opportunities.

The state workers' compensation systems were the first social insurance schemes in the United States, dating to the early years of the twentieth century. Workers' compensation has also been an important focus of the Institute's research efforts, first in Michigan (Hunt and Eccleston 1990) and other U.S. states (Berkowitz and Burton 1987; Falaris, Link, and Staten 1995), then spreading to international venues in Canada (Hunt, Barth, and Leahy 1991, 1996) and Australia (Hunt and Klein 1996; Hunt et al. 1997, 1998). These studies were primarily descriptive, seeking to provide information about these very complex social systems to assist policymakers in improving system performance.

Workers' compensation systems have evolved through time, with many common trends and elements. During the 1970s, benefits were generally increased and access was widened (Chelius 1986), leading to a significant increase in program costs for employers. Beginning in the later 1980s and persisting through the 1990s, economic development perspectives tipped policy changes toward cutbacks and restrictions. A full account of benefit and cost fluctuations over the past 25 years will be captured in a forthcoming Institute monograph by Thomason, Burton, and Schmidle.

The passage of OSHA in 1970 brought the federal government into the direct regulation of workplace safety and health conditions thought to affect the likelihood of accidents and disease and hence disabilities. This fundamental shift in policy brought the focus squarely on the role of the employer. The Institute reflected this focus with studies that sought to document the influence of employer policies and practices on the incidence of work-related disability (Hunt et al. 1994). The detailed database developed at the Institute from a random sample of 220 Michigan employers was also used to help OSHA develop a justification for using employer disability outcomes to target enforcement efforts (Hunt 1993). Continuing this line of inquiry, a group at the University of Minnesota currently has an Institute grant to study "Human Resource Management Policy, Safety Practices, and Workers' Compensation Costs."

With the passage of the ADA in 1990, public policy on disability entered a new era, generally characterized as an era of "empowerment and civil rights." While still concentrating on the responsibilities of the employer, in this instance to accommodate disabilities, the ADA fundamentally changed the thrust of public policy toward employment of persons with disabilities. The ADA begins with the assumption that persons with disabilities can work and participate fully in other aspects of social and economic life. An Institute grant supports a study currently underway at Georgia State University to measure the labor market impacts of the ADA.

Two recent Institute publications have examined the relationship between disability and employment for the general population. "Disability, Work and Cash Benefits" by Mashaw et al. (1996) came out of a research conference organized by the National Academy of Social Insurance, Disability Policy Panel. Commissioned papers examined the causes of work disability and the types of interventions that might enable persons with disabilities to remain at work, return to work, or enter the workforce. "Growth in Disability Benefits: Explanations and Policy Implications," edited by Rupp and Stapleton (1998), examined the troubling growth in Social Security disability programs (DI and SSI) in the early 1990s. It included perspectives of researchers and practitioners on the causes and consequences of rapid program expansion.

The Institute continues these interests in collaborating with the National Academy of Social Insurance on two other projects. The Institute has provided seed money to the Academy to support its project on "Risks in the Second Half of the Work Life: Ensuring Health and Income Security." This three-year project will examine the risks of ill health, disability, loss of employment, or premature retirement that all workers face today and the policy solutions (public and private) that might alleviate those risks. Allan Hunt also participates in NASI's Workers' Compensation Steering Committee, which is conducting a broad review of policy issues in these state-based programs. He is currently leading an effort to review the adequacy of cash benefits in workers' compensation programs.

In a major new project, the Institute has taken on the analysis of a national survey of the disability status of the population. The Social Security Administration is funding this research effort, and the Upjohn Institute is working as a subcontractor to Westat, Inc., which is designing and conducting the survey. The study seeks to determine how many persons are potentially eligible for disability benefits, both now and in the near future, and what it is that enables some persons with disabilities to maintain employment while others are not able to do so. In addition, the project calls for an assessment of the impact of the ongoing disability determination process redesign at SSA. This project will be completed in 2002.

In one sense, the public policy emphasis on employment for persons with disabilities has been more fully expressed with the enactment of the Workforce Investment Act of 1998. Title IV of WIA actually incorporates the Rehabilitation Act (which authorizes the federal-state rehabilitation system for disabled persons) into the workforce development system for the general population. Thus, as we await the implementation of WIA in June 2000, the implicit goal of public policy is to fully integrate persons with disabilities into the labor market. Unfortunately, the actual results seem to be lagging behind the legislative rhetoric. Advocates for persons with disabilities have been keenly disappointed with employment gains since full implementation of the ADA in 1992 (Kaye 1998). However, with current tight labor markets and policy support for employment of persons with disabilities, it is a time of great expectations.

Among the research issues that remain to be addressed are the following.

1. Who works and why? We need much better understanding of the factors that determine success in employment for persons with disabilities. Are there particular kinds of barriers to employment that might be resolved through public policy initiatives? Are additional supports or incentives needed to motivate private parties? How can vulnerable people with disabilities be protected against the normal vagaries of the labor market?

2. Program design problems. Despite incremental reforms to encourage employment, it is still true that our income maintenance and other support programs for persons with disabilities were designed for protection rather than to foster employment. How could existing disability compensation programs provide clearer incentives and more adequate support for disabled persons who want to work? It is clear that the combination of program rules and requirements, labor market realities, and individual circumstances make work an unrealistic choice for too many persons with disabilities. Are there ways to minimize the disincentives and maximize the incentives for work while maintaining adequate protection for those who cannot work and for persons whose conditions grow worse over time?

3. What is the proper role for employers in disability policy? How can regulatory approaches (like OSHA, ADA) and incentive approaches (like experience-rated workers' compensation programs, employer tax credits) be more constructively combined? Should employers receive public subsidies to "do the right thing"? Are we producing the correct amount of "safety and health" versus "disability" in our workplaces?

4. Can the efficiency of workers' compensation programs be improved? What proportion of the employer's cost ultimately finds its way to the beneficiaries of the program? Has the rise of alternative dispute resolution procedures and deregulation of insurance rate-making made a difference? What is the current status of the "historical compromise" between labor and business?

The Upjohn Institute looks forward to helping understand these problems and find solutions in the years ahead.

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