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## Contrasting the Employment of Single Mothers and People with Disabilities

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# Contrasting the Employment of Single Mothers and People with Disabilities

*NOTE: This article highlights some of the research findings that have been published in The Decline in Employment of People with Disabilities: A Policy Puzzle, which the Upjohn Institute will publish in August. Stapleton and Burkhauser edited the book, which examines the changes in social policies that contributed to the employment decline of people with disabilities.*

**T**he transition of single women with children off the welfare rolls and into employment (see Figures 1 and 2) in the 1990s has been described as “stunning” by leading policy researchers (see, for instance, Blank 2002). The authors in *The Decline in Employment of People with Disabilities: A Policy Puzzle* (Stapleton and Burkhauser 2003) document and analyze an equally stunning transition of working-age people with disabilities out of the workforce and onto disability income support programs (see Figures 1 and 2), despite the upsurge in government rhetoric proclaiming increased employment and economic independence as a primary policy goal. Employment and program participation trends for both populations departed sharply from trends in the prior decade.

## Single Women with Children

At the heart of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 is the expectation that parents of both sexes will work to support their families if necessary, and will rely on welfare only

as a temporary last resort. That expectation has evolved over the past few decades as more and more women, including mothers of young children, have entered the labor force. It is embedded in many features of welfare reform, including time limits, work effort requirements, a shift in employment programs away from investment in human capital toward employment as soon as possible (“work first”), child care subsidies, block grants to states that create incentives to reduce caseloads by

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## There is no dispute about the growth in reliance of working-age people with disabilities on SSDI and SSI.

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helping parents enter employment, and better access to health care for low-income parents who work.

Welfare reform is just one of three major forces that contributed to the employment and program participation trends of single mothers. The second is the dramatic expansion of the Earned Income Tax Credit (EITC), a wage subsidy that helps employers pay low-skilled parents more than they would be willing to in the absence of the credit. The large increase in the EITC for families “made work pay” for many parents with low skills. Previous efforts to increase pay

have focused on the minimum wage—a policy that imposes costs on employers.

The third force was strong economic growth. Researchers widely agree that welfare reform, the EITC, and the economy all played significant roles, although they disagree about their relative contributions (Blank 2002; Moffitt 2002; Besharov 2003; Hotz and Scholz forthcoming).

Most single mothers with children have experienced growth in household income as a result of these changes. Blank (2002) documents that the poverty rates of single, female householders fell from 32.2 percent in the business cycle peak year of 1989 to 24.7 percent by 2000. It is important to recognize, however, that the economic circumstances of mothers least capable of working might have deteriorated.

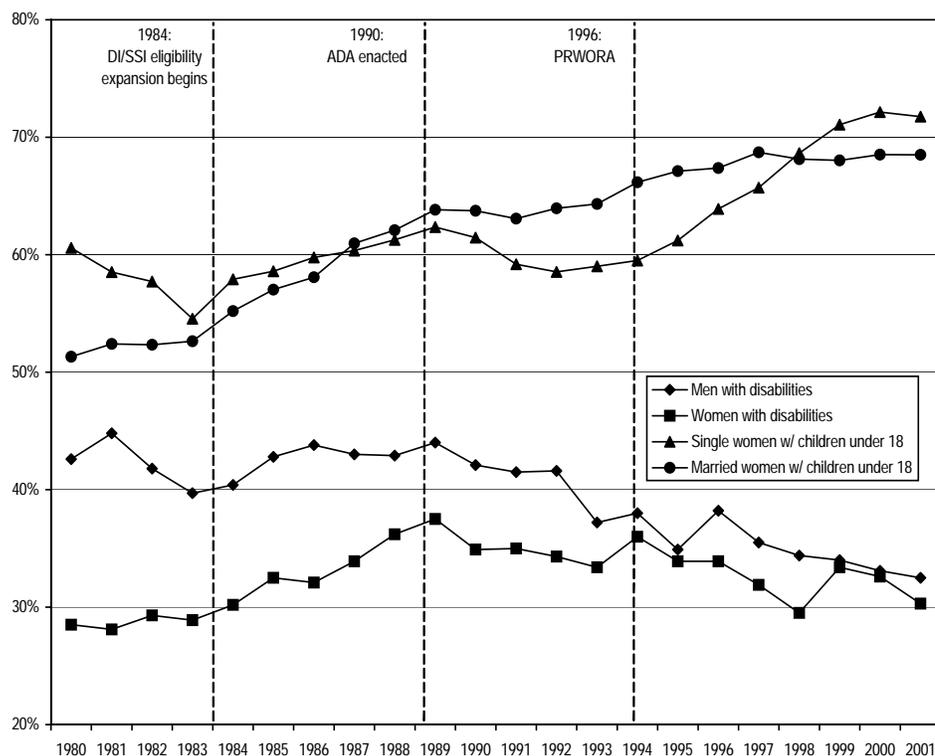
Policymakers increased employment of single mothers with children by consistently shifting program incentives to favor earnings from work over benefits from not working, using a combination of carrots and sticks. Single women with children are now expected to work. Policymakers also changed the expectations of program gatekeepers with respect to how success was measured. Program success is now defined as the integration of single women with children into the labor force.

Despite the caseload decline, both total government spending on low-income families (including spending for the EITC, health care, child care, and many other supports) and the number of families receiving some support have continued to grow (Besharov 2003, pp. 17–19). These changes remain politically popular, however, because support is now tied to work.

## Working-Age People with Disabilities

The 1990 passage of the Americans with Disabilities Act (ADA) was a major victory for those who believe that working-age people with disabilities should be fully integrated into society, including the workforce. The intellectual underpinnings of this belief are that the most promising path to economic independence is through market work, and that the social environment is a more

**Figure 1 Employment Trends for Working-Age Mothers and People with Disabilities**



SOURCE: Tabulations from the Current Population Survey. Series for women with children are for women ages 20–65. Series for men and women with disabilities are for persons ages 25–61.

powerful factor in determining employment outcomes than is an individual’s impairment. Policymakers and advocates now embrace the notion that environment rather than impairment is critical to employment outcomes for the majority of people with disabilities. Yet the implications of this insight with respect to the role of public policy in determining these outcomes have not been broadly recognized or acted upon. The consequences are the decline in employment, and increase in economic dependence, of people with disabilities.

The evidence of an employment rate decline itself is controversial, in part because it is so difficult to believe that a decline could occur despite the ADA and the economic expansion. Although use of the Current Population Survey (CPS) data to document trends for single women with children is accepted without question, the use of these same data to document trends for people with disabilities is hotly debated. In fact, the National Council on

Disability recently recommended that “the Federal Government should not encourage or support the dissemination of employment data until a methodology for assessing employment rates among people with disabilities that is acceptable to leading researchers and demographers in the field and credible to persons with disabilities can be developed” (National Council on Disability 2002, p. 20).

One chapter in *The Decline in Employment of People with Disabilities: A Policy Puzzle* demonstrates that, although the use of a work-limitation question in the CPS is flawed as a measure of disability, the employment trends based on these data are very similar to those based on other disability measures (severe impairment, housework limitations, etc.) in other data sets defined consistently over time. There is no dispute about the growth in the reliance of working-age people with disabilities on Social Security Disability Insurance (SSDI) and Supplemental Security

Income (SSI). These trends represent a real phenomenon, not an illusion.

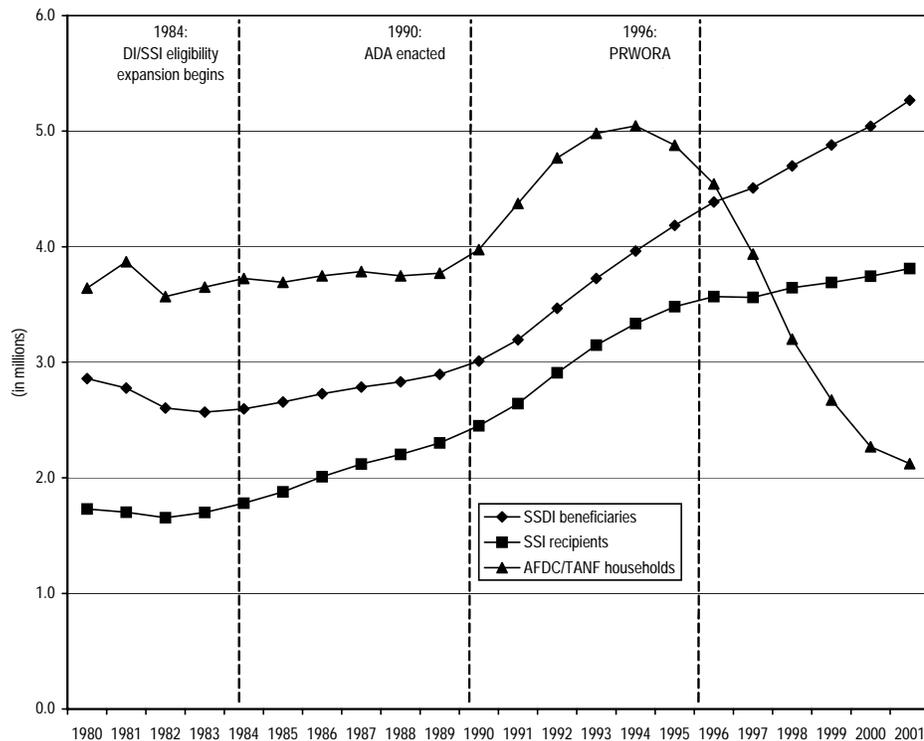
The remaining chapters in the book focus on the causes of the employment decline. We conclude that changes in social policies are responsible. The most likely explanation is SSDI/SSI program expansions. Starting in 1984, and continuing into the early 1990s, access to benefits was eased. In addition, the value of SSDI benefits increased relative to wages for workers with low wages. There is convincing evidence that increases in the SSDI rolls closely track the employment of those who say they cannot work (Bound and Waidmann 2002), and that access expanded primarily for the two impairment groups (musculoskeletal and psychiatric) that also account for a very large share of growth in those

**There is much controversy about the ADA’s effect on the employment of people with disabilities.**

reporting inability to work at all and growth in the number of low-wage workers on the SSDI rolls was much greater than for others (Autor and Duggan 2003).

In contrast to welfare reforms, the SSDI/SSI expansions have reinforced both the flawed premise that people with disabilities “cannot work,” and the message that “government will help as long as they do not help themselves.” The work disincentives of these programs and associated health insurance benefits did not change during this period, and there was no substantial increase in work supports. The 1999 Ticket to Work program and the Work Incentives Improvement Act partially address work supports and disincentives, but in ways that are minor by comparison to the welfare reforms. Work requirements, time limits, and work-first policies are yet to be tried. The Ticket to Work program does create incentives for frontline rehabilitation workers to promote return to work and program exit, but this hardly

**Figure 2 Program Participation Trends for Working-Age Mothers and People with Disabilities**



SOURCE: AFDC/TANF Households (average monthly caseload in fiscal year) 1980–2000: Department of Health and Human Services, “2002 Indicators of Welfare Dependence,” Appendix A, available at <<http://aspe.hhs.gov/hsp/indicators02/appa-tanf.htm>>; for fiscal year 2001: Agency for Children and Families, “Average Monthly Number of Families Fiscal Year 2001,” available at <<http://www.acf.hhs.gov/news/stats/familiesL.htm>>. SSDI workers: Social Security Administration, “Annual Report of the Social Security Disability Insurance Program, 2001,” available at <[http://www.ssa.gov/policy/docs/statcomps/di\\_asr/2001/sect1b.html#table16](http://www.ssa.gov/policy/docs/statcomps/di_asr/2001/sect1b.html#table16)>. SSI: recipients of federally administered payments age 18–64 in December of year, SSA, “SSI Annual Statistical Report, Table 3,” available at <[http://www.ssa.gov/policy/docs/statcomps/ssi\\_asr/2001/sect2.html](http://www.ssa.gov/policy/docs/statcomps/ssi_asr/2001/sect2.html)>. All Web pages accessed 5/20/2003.

compares to the incentives for states and local caseworkers created by welfare reform block grants. At a time when work outcomes for clients have become a dominant measure of performance for welfare caseworkers, they are hardly on the radar screens of frontline staff in SSA field offices and state Disability Determination Services.

The second policy change we focus on in our book is the ADA itself. There is much controversy about the ADA’s effect on the employment of people with disabilities. DeLeire, in his chapter reviewing the evidence developed primarily by himself and Acemoglu and Angrist (2001), argues that, although the ADA is likely to have increased job

duration of those with disabilities who are already working, a lack of enforcement with respect to new hires, coupled with the cost of accommodations, substantially reduced overall employment of people with disabilities. Consistent with his conclusion, he reports that 1) employment declines for workers with disabilities in medium-sized firms were greater than in smaller firms that were exempt from the ADA and in large firms where the costs of compliance are smaller; 2) relatively high employment declines in states where ADA enforcement actions are relatively high; and 3) declines in employment even after excluding SSDI beneficiaries from the sample. The timing of the aggregate employment and program trends certainly

appears consistent with the ADA explanation (Figures 1 and 2), but, as we discuss, the “obvious” conclusion might well be wrong because of both the complex dynamics of the SSDI/SSI expansion and the effect of the 1990–1991 recession.

Whether the ADA has contributed to the decline in the employment rates of working-age people with disabilities is

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**It would be hard to make the case that the ADA increased employer demand for workers with disabilities.**

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debatable, as is the ADA’s importance relative to expansions of SSDI/SSI. Given the evidence, however, it would be very hard to make the case that the ADA increased employer demand for workers with disabilities, as many hoped it would. The ADA was the only significant attempt to stimulate employer demand for workers with disabilities during this period. The ADA contrasts sharply with the EITC, the method used to increase employer demand for low-income parents. The EITC clearly benefits employers, while the ADA imposes a burden on them. As much as the ADA might be necessary to protect the rights of people with disabilities, we doubt that it can ever be an effective tool for increasing employer demand for workers with disabilities.

**Conclusion**

In many respects, recent developments in employment policy for people with disabilities are reminiscent of previous unsuccessful efforts to increase the employment and economic independence of single women with children. Both focused on investing in the human capital of their target populations through education, training, and rehabilitation; both sought to reduce the extent to which income and in-kind benefits are taxed away as earnings are increased, but fell far short of making work pay; neither built in work expectations; and both

sought to increase employer demand through approaches that impose costs on employers.

This suggests that disability policy should follow in the footsteps of policy for single women with children, namely 1) building work expectations and incentives into income support programs; and 2) stimulating employer demand through subsidies. That conclusion is too simple, however, because it ignores another welfare reform lesson: pro-work policies will not help—and could harm—those who are least capable of working. This is a much more prominent concern for people with disabilities than for single women with children. Many people with disabilities cannot work at levels comparable to those expected of others, and there remain many who cannot work, or whom we would not expect to work, under any reasonable circumstances. Crafting policies that increase employment and economic independence through work for many while adequately protecting those least able to work is a more serious challenge for disability policy than for family welfare policy.

Yet, to ignore the lessons of welfare reform for the sake of protecting those who are least capable of working exposes people with disabilities to another risk, and ignores another lesson of welfare reform. That risk is the possibility that a future Congress and administration, faced with growing demands to control program growth, will do so by limiting access to, and reducing income benefits. Similar pressures led to substantial cutbacks in the late 1970s and early 1980s. Political support for policies that embody the message “we will help you, but we expect you to help yourself to the extent you reasonably can, and we will reward you for doing so” is much more likely to be sustained than political support for current policy.

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(continued from page 2)

### Evaluating Participant Self-Evaluation

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In recent years, participant self-evaluations have gained attention as a complement, or substitute for, experimental or econometric evaluations. Participant evaluation has two advantages: 1) participants have a lot of information on outcomes and costs not available to program evaluators, and 2) self-evaluations cost very little relative to expensive econometric evaluations. The purpose of this research is to empirically assess the accuracy of self-evaluation versus experimental evaluation of programs. The major hypothesis is that participants may not be very good in generating the counterfactuals required for proper evaluation.

### Mini-Grant Awards

The following individuals received mini-grants:

**Susan Bell and Daniel Graves**, *Florida Atlantic University and Baylor College of Medicine*

**Teresa Ciabattari**, *Wake Forest University*

**Deborah Garvey**, *Santa Clara University*

**John Giles**, *Michigan State University*

**Luojia Hu**, *Northwestern University*

**Jae Kennedy**, *Washington State University–Spokane*

**Eugene Nivorozhkin**, *Gothenburg University, Sweden*

**Michael Ryan and Dominique Gross**, *Western Michigan University and Social Finance Programme, International Labour Office, Geneva, Switzerland*

**James Sullivan**, *University of Notre Dame*

**Christopher Wheeler**, *Tulane University*