

THE IMPORTANCE OF STATE ANTI-DISCRIMINATION LAWS ON EMPLOYER ACCOMMODATION AND THE MOVEMENT OF THEIR EMPLOYEES ONTO SOCIAL SECURITY DISABILITY INSURANCE

MAXIMILIAN SCHMEISER, RICHARD V. BURKHAUSER AND

LAUREN NICHOLAS*

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Rising Social Security Disability Insurance (SSDI) program costs have resulted in calls for major disability policy reforms (Autor and Duggan 2010; Burkhauser and Daly 2011) aimed at encouraging employers to provide greater accommodations for their workers following the onset of a work limitation and hence slow down their movement onto the SSDI program rolls. But there is little empirical evidence that past government efforts to increase accommodation have been successful in doing so or even that employer accommodation slows the movement of workers onto SSDI. This study estimates the effects of employer accommodation on the speed at which workers apply for SSDI benefits following the onset of a work limitation.

A workplace accommodation can take several forms. It can include changes in the physical environment like making facilities more accessible or purchasing special equipment for the employee, but also can also include increases in job flexibility like job restructuring, part-time or modified work schedules or reassignment to a vacant position. Policymakers have made several attempts to encourage employers to provide accommodations through the passage of a variety of employment protection laws at both the state and federal levels. Employment protection laws make discrimination against qualified individuals with a disability illegal and may also require employers to provide “reasonable accommodation” to them. The first federal law affecting persons with disabilities was the Rehabilitation Act of 1973, which included antidiscrimination standards for public employers. The Americans with Disabilities Act of 1990 (ADA) was the first federal disability based anti-discrimination law covering all workers. Prior to the implementation of the ADA in 1992, most states had in place some type of disability employment protection law. Research by Burkhauser, Schmeiser, and Weathers II (forthcoming) has shown these laws to substantially increase the probability that a worker receives an accommodation.

Several previous studies have examined the effect of workplace accommodation on job tenure and time to SSDI application. Burkhauser et al. (1999) used data from the 1978 Survey of Disability and Work and the 1992 wave of the HRS in a continuous time hazard model to examine the time it takes employed men to apply for SSDI benefits following the onset of a work limitation. They estimated that workplace accommodation reduces the probability of SSDI benefit application by 27 percent within 10 years. Burkhauser, Butler, and Weathers II (2002) extended this analysis by adding variation in state level SSDI program administration to the model and found that accommodation reduces SSDI applications within 10 years by 28 percent.

One limitation of these studies is that they both relied on data from 1992 or earlier, and focused on the cohort of individuals born prior to the Second World War. As the nature and type of occupations has changed considerably over the past 50 years, focusing exclusively on an older cohort may yield unrepresentative estimates of the effectiveness of accommodation in

* *Maximilian D. Schmeiser is an economist in the Consumer Education and Research Section at the Federal Reserve Board of Governors. Richard V. Burkhauser is the Sarah Gibson Blanding Professor of Public Policy in the Department of Policy Analysis and Management and Professor in the Department of Economics, Cornell University. Lauren Nicholas is a Faculty Research Fellow in the Survey Research Center and a Faculty Affiliate in the Population Studies Center at the University of Michigan. This Research Brief is based on MRRC Working Paper WP 2011-251.*

preventing SSDI application. The use of pre-1992 data also omits any secular changes in accommodation or SSDI application resulting from the implementation of the ADA.

This study used data from the Health and Retirement Study (HRS), which is a nationally representative panel study that collects information on a wide variety of topics including demographics, health, employment, income, wealth, disability and program participation. Originally, the HRS consisted of 9,802 persons born between 1931 and 1941 or married to someone born during those years. Members of the cohort were first interviewed in 1992 and have been re-interviewed once every two years. To remain representative of older adults, successive cohorts have been added, including the War Babies cohort (2,701 respondents added in 1998, the 1942–1947 birth cohort and spouses) and the Early Boomers (3,256 respondents added in 2004, the 1948–1953 birth cohort and spouses). The authors use all available data from the HRS spanning 1992 through 2008. In order to obtain accurate information on the timing of application for SSDI benefits, the authors used Social Security administrative records that have been linked to the HRS data.

After restricting their sample to persons who experienced the onset of a work limiting health condition while employed, they obtain a final sample of 3,877 people. Overall, 28 percent of individuals who experienced a work limitation received an accommodation. Rates of application for SSDI benefits increased with the amount of time following the onset of a disability, with 17 percent of workers applying for benefits within a year of onset, 25 percent applying within five years, and 29 percent applying within 10 years.

The authors' analysis suggests that providing an employee with an accommodation following the onset of a work limitation would reduce applications to the SSDI program by 27 percent within one year of onset, 30 percent within five years of onset, and 21 percent within 10 years of onset. These findings are largely consistent with previous research, and suggest that the provision of workplace accommodations would be an effective strategy for reducing applications for SSDI benefits, and potentially the number of people receiving SSDI.

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University of Michigan Retirement Research Center
Institute for Social Research 426 Thompson Street Room 3026
Ann Arbor, MI 48104-2321 Phone: (734) 615-0422 Fax: (734) 615-2180
mrrc@isr.umich.edu www.mrrc.isr.umich.edu

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