

A Fair Shot for Workers with Disabilities



SOURCE: AP/Jessica Hill

Jennifer Lortie, who has limited arm and leg use due to cerebral palsy, works on an iPad in her Willimantic, Connecticut, office.

By [Rebecca Vallas](#), [Shawn Fremstad](#), Lisa Ekman | Wednesday, January 28, 2015

PRINT:



SHARE:



- Endnotes and citations are available in the PDF and Scribd versions.
 - Download the report:

[PDF](#)

- Read it in your browser:

[Scribd](#)

Disability can be both a cause and consequence of economic insecurity. It is a cause because disability or illness can lead to job loss and reduced earnings, barriers to education and skills development, significant additional expenses, and many other challenges that can lead to economic hardship. It can also be a consequence because poverty and economic insecurity can limit access to health care and preventive services and increase the likelihood that a person lives and works in an environment that may adversely affect health. As a result, poverty and disability go hand in hand.

Yet the intersection of disability and poverty is too rarely discussed. In fact, despite the fact that 1 in 5 Americans live with disabilities, the U.S. Census Bureau's annual report detailing income, poverty, and health insurance coverage did not even include poverty rates for people with disabilities until recently. It does now, and the most recent available data put the poverty rate for working-age people with disabilities at 34.5 percent in 2013, compared with 12.2 percent for those without disabilities.

Employment is obviously a big piece of the puzzle. While some people live with significant disabilities and severe health conditions that preclude employment, millions of individuals can and do work despite their disabilities. Yet workers with disabilities are twice as likely to be unemployed as their nondisabled counterparts. And for those who are employed, research documents a significant pay gap.

Considerable progress has been made toward removing barriers to employment, education, and accessibility in the past several decades. The Americans with Disabilities Act, or ADA, enacted 25 years ago, prohibits discrimination on the basis of disability and mandates that people with disabilities must have "equal opportunity" to participate in American life. The Individuals with Disabilities Education Act, or IDEA, enacted the same year, requires that students with disabilities be provided a "free appropriate public education" just like all other students.

The Workforce Innovation and Opportunity Act, or WIOA, expanded access for people with disabilities to education and training programs, programs for transition-age youth and young adults transitioning to adulthood, vocational rehabilitation, and more. And most recently, the Achieving a Better Life Experience, or ABLE, Act, which was signed into law at the end of 2014, permits people with qualifying disabilities to open special savings accounts without jeopardizing eligibility for programs such as Medicaid and Supplemental Security Income, or SSI.

But much work remains. In order to break the link between disability and economic insecurity, we must enact public policies that give workers with disabilities a fair shot.

Prevalence of disability in the United States

Disability is a complex and evolving concept with varying definitions used in different contexts. Some people are born with disabilities, while many others develop them later, whether through injury or illness.

The ADA defines disability broadly as “a physical or mental impairment that substantially limits one or more major life activities” or “being regarded as having such an impairment.” In contrast, the definition of disability used by income support programs such as Social Security Disability Insurance and SSI—which share a definition of disability—is much narrower and is restricted to individuals who, because of a physical or mental impairment expected to last at least one year or to result in death, are unable to return to any of their past jobs or to do any work that exists in the national economy at a level in which they could do “substantial gainful activity”—that is, they could earn \$1,090 per month in 2015.

Several nationally representative data sets produced by the U.S. Census Bureau ask about disability with questions pertaining to sensory impairments (difficulty seeing or hearing); physical impairments; mental impairments; limitations in performing activities of daily living, or ADLs, such as getting around the house, getting in and out of bed, bathing, and dressing; limitations in performing instrumental activities of daily living, or IADLs, such as going outside the home, paying bills, preparing meals, and using the telephone; and work limitations.

According to the Census Bureau, about 57 million Americans—or 1 in 5 people—live with disabilities using this broad definition. About 38 million individuals in the United States—or 1 in 10 Americans—have severe disabilities. Unsurprisingly, the likelihood of disability increases sharply with age. Approximately 10 percent of people ages 15 to 24 have experienced a disability compared with 30 percent of those ages 55 to 64 and more than half of people ages 75 to 79. Women are slightly more likely to experience disability than men: 20 percent of women have a disability compared to 17 percent of men.

Unemployment and economic insecurity among people with disabilities

The poverty rate for working-age adults with disabilities is nearly three times higher than that of working-age adults without disabilities. In 2013, the poverty rate for people ages 18 to 59 with work-limiting disabilities was 34.5 percent compared with 12.2 percent for those in the same age group without disabilities.

Large disparities persist when comparing part-time and full-time workers with and without disabilities. In 2013, 21.7 percent of part-time workers with disabilities were poor compared with 16.7 percent of part-time workers without disabilities. For full-time workers with disabilities, 8.9 percent had incomes at or below the poverty line in 2013, nearly twice the rate—5.2 percent—of full-time workers without disabilities.

People with disabilities are also much more likely to be economically insecure. In 2013, 61.2 percent of working-age adults with disabilities had incomes below 200 percent of the federal poverty line compared with 28.8 percent of working-age adults without disabilities. And rates of economic insecurity are much higher for both part-time and full-time workers with disabilities than for their counterparts without disabilities: 47.1 percent of part-time workers with disabilities and 37.7 percent of full-time workers with disabilities had incomes below twice the poverty line in 2013, compared with 26.8 percent of part-time workers without disabilities and 18.7 percent of full-time workers without disabilities.

Furthermore, recent research finds that half of all working-age adults who experience at least one year of poverty have a disability, and nearly two-thirds of those experiencing longer-term poverty have a disability.

In addition to income poverty, people with disabilities are also nearly twice as likely to lack even modest precautionary savings in case of an unexpected expense or other financial shock. According to analysis by the National Disability Institute of the 2012 Financial Industry Regulatory Authority, or FINRA, National Financial Capability Study, fully 70 percent of individuals with disabilities reported that they certainly or probably could not come up with \$2,000 to meet an unexpected expense, compared with 37 percent of individuals without disabilities.

Individuals with disabilities are also much more likely to be unemployed. The Bureau of Labor Statistics, or BLS, put the unemployment rate for working-age individuals with disabilities at 12.4 percent in the third quarter of 2014—twice the rate of working-age individuals without disabilities. Additionally, the labor-force participation rate for working-age people with disabilities is substantially lower than for people without disabilities: In 2013, the rate was 31.1 percent for people with disabilities ages 25 to 64 compared with 81.3 percent for those without disabilities.

Moreover, people with disabilities who are employed may earn less than their nondisabled counterparts. Recent research by Michelle Yin and others documents a stark pay gap between disabled and nondisabled workers: For every dollar paid to workers without disabilities, those with disabilities earn just 63 cents on average.

What's more, people with disabilities are much more likely to experience material hardships—such as food insecurity; inability to pay rent, mortgage, and utilities; or not being able to afford needed medical care—than people without disabilities at the same income levels. Of working-age adults with incomes under 200 percent of the federal poverty line who experience material hardships, roughly half have a disability.

Barriers to employment and economic security

Workers with disabilities face elevated rates of unemployment and economic insecurity for a number of reasons. Despite the progress made through civil rights legislation such as the ADA, myths and stereotypes persist, and many employers remain reluctant to hire people with disabilities—a challenge not easily solved. Yet other barriers faced by people with disabilities can be more readily addressed through public policies.

Added costs of living with a disability

Living with a disability comes with additional, often significant costs, many of which may not be covered by health insurance. Expenses such as home modifications, personal attendant care, adaptive equipment for the home and car, assistive technology for communication and other purposes, special clothing and shoes—which may also wear out faster due to braces or particular walking patterns—and food for special diets are but a few examples.

A report released in 2014 by the U.S. Senate Committee on Health, Education, Labor and Pensions, or HELP—then chaired by Sen. Tom Harkin (D-IA)—documents how these additional costs can act as barriers to employment and economic security. For example, Toya, a woman in her 30s living with cerebral palsy who was interviewed for the report, describes needing to buy new shoes each month because of her walking pattern. Another woman with a physical disability talks about the need to purchase “special clothes because of my body distortions ... and lots of day-to-day adaptive equipment that insurance doesn’t cover.”

Transportation difficulties

Difficulties accessing transportation are common among people with disabilities and can pose significant barriers to employment. According to a 2003 survey conducted by the U.S. Department of Transportation, about 6 million Americans with disabilities report trouble accessing the transportation they need, and more than 500,000 report never leaving their homes because of transportation problems. For example, one man in his 30s with a physical disability who was interviewed for the Senate HELP report describes his struggles with paratransit, or special transportation services for people with disabilities that supplement mass transit: “My work is located outside my local zone which requires long wait times at transfer stops. To go to work it could take me 2 hours plus to travel 9 miles and I have to call the day before to arrange this at 6:00 a.m.” And Ann, who is blind, says in the same report that while she would like to work a second job, the additional time it takes her to get ready for and take transportation to and from work makes it impossible.

Insufficient affordable, accessible housing

Safe and stable housing is a critical prerequisite to employment. Yet far too many people with disabilities face great challenges securing affordable, accessible housing. According to a 2008 report on homelessness by the U.S. Department of Housing and Urban Development, or HUD, 43 percent of people living in homeless shelters reported having a disability. People with

disabilities are also especially likely to live in precarious housing situations—that is to say, conditions that are substandard or unaffordable—putting them at risk of becoming homeless. In the parlance of HUD, individuals living in the most precarious housing situations—those considered to have “worst case housing needs”—are very-low-income renters who do not receive housing assistance and who either are paying more than half their monthly incomes in rent or live in substandard housing, or both. According to a 2007 HUD report, as many as 2.4 million these households—fully 40 percent of the 6 million U.S. households with worst-case housing needs—are non-elderly, disabled households.

The nation’s two main housing assistance programs—public housing and the Section 8 housing-choice voucher program—have been historically underfunded relative to need and run years-long waiting lists. As a result, as described in HUD’s most recent report to Congress on worst-case housing needs, the gap between the number of low-income households that receive housing assistance and the number with severe housing needs “has never been wider,” and there are two low-income households with worst-case needs for every one that receives rental assistance.

One woman quoted in the Senate HELP report described her wait to obtain affordable housing through the Section 8 program this way: “In order to find housing, you’re put on a list that is years long. I keep having to call them and see if somebody died and make sure my name stays on the list.”

Lack of access to needed supports and services

Many types of services and supports that people with disabilities need to work—most notably personal attendant care—are not covered through most health insurance policies and are generally unaffordable for all but the highest earners. Private long-term care insurance does partly cover some of these services, but it is not available or the cost is prohibitive for most people, particularly those who currently need or are at high risk of needing such coverage. And even when it is available, the coverage limits on the length of such services are generally inadequate. This leaves the federal-state Medicaid program as the only option for accessing the long-term services and supports, or LTSS, such as personal attendant care, that many people with significant disabilities need to maintain their employment and independence.

Unfortunately, the Medicaid program is designed to provide coverage only to people with very limited income and resources. While recent laws have created some options for states to provide coverage to workers with disabilities with higher income or assets—termed Medicaid buy-in, or MBI, programs—significant issues remain for workers when it comes to accessing needed services and supports. Forty-one states and the District of Columbia currently have MBI programs, but they vary widely in terms of the services and supports offered and the income and resource limits for eligibility. These programs also lack a grace period for any temporary

period of unemployment and often put people in the difficult position of having to choose between moving to another state to pursue a new job or promotion or remaining in a MBI program. This is particularly true if the new state does not have an MBI program, the worker is no longer eligible under the new state's MBI program guidelines, or the services and supports offered through the MBI program in the new state fail to meet the worker's needs. Creating a national MBI program with generous income and asset limits and a standard set of services and supports would remove one barrier that people with disabilities who have service and support needs currently face in maximizing their income and working their way out of poverty.

In addition, the federal-state vocational rehabilitation, or VR, system—which assists people with disabilities in preparing for, obtaining, and/or remaining at work—has long been regarded as inadequately funded, leading to long wait lists and lengthy delays before eligible individuals receive needed services in many states. Its structure has also been subject to criticism by disability advocates who say that the requirement to track participants' employment status for just 60 days—rather than, for instance, a year or longer—creates incentives to produce short-term but not long-term employment outcomes. As a consequence, many people return to VR within one year or less.

Lack of access to paid leave and sick days

People with disabilities are especially likely to work part-time and low-wage jobs—with pay that is hard enough to live on for people who do not have the added costs that come with a disability. Moreover, such jobs typically lack paid sick days, which can present a special problem for workers with disabilities who may experience sporadic health flare-ups or need time off for medical appointments. Seventy-three percent of part-time workers in the private sector lack access to even one paid sick day, and 77 percent of workers with earnings in the bottom 25 percent lack access to paid sick leave.

Furthermore, while the Family and Medical Leave Act, or FMLA, provides important unpaid, job-protected leave in the event of illness, birth of a child, or to care for an ill family member, only half of American workers are covered and eligible under the law. Moreover, many workers who are covered cannot afford to take unpaid leave: Of those with FMLA coverage who did not take leave after a qualifying event, 8 in 10 report that they would have taken leave if it was paid. Access to paid leave and paid sick days would provide workers with disabilities needed protection against job and income loss in the event that they need to miss work for health reasons.

Inadequate early intervention support

For workers who experience disability or illness later on in their working years, the challenge is not entering the workforce but rather remaining in the workforce. Yet remarkably little in the way of early intervention support exists for workers in this situation, with many older workers

needing to turn to Social Security Disability Insurance or SSI after the onset of a work-limiting disability or illness. President Barack Obama's fiscal year 2015 budget included several options for demonstration projects to test approaches to early intervention to help workers with disabilities remain attached to the workforce, such as supportive employment services targeting workers with mental impairments and strategies to help states improve service coordination.

Savings and ownership penalties

Finally, many income support programs contain savings and ownership penalties that are counterproductive to the goals of economic security and mobility. For example, SSI—which provides critical income support to people with significant disabilities and severe illnesses, as well as very-low-income seniors—contains asset-limit provisions that have barely budged since 1972 when the program was established. In 1972, the program's asset limits were set at \$1,500 for an individual and \$2,250 for a couple. Today, they are set at \$2,000 for an individual and \$3,000 for a couple. Had SSI's asset limits been adjusted for inflation, they would be more than \$8,500 for an individual and \$12,800 for a couple today. As called for in the previous CAP issue brief "Asset Limits Are a Barrier to Economic Security and Mobility," it is long past due for Congress to update SSI's outdated asset limits to permit recipients to maintain savings and plan for the future.

Policy directions to give workers with disabilities a fair shot

With action needed to rebalance the Social Security trust funds, a great deal of attention is being paid to the Social Security Disability Insurance program, or Disability Insurance, with some calling for a fundamental overhaul of this vitally important program. Yet as noted by the National Council on Disability, it is often forgotten that:

Receipt of Social Security disability benefits is merely the last stop on a long journey that many people with disabilities make from the point of disability onset to the moment at which disability is so severe that work is not possible. All along this journey, individuals encounter the policies and practices of the other systems involved in disability and employment issues.

While there are certain reforms that would make it easier for disabled workers who receive Disability Insurance to test their ability to return to work—such as simplifying the program's work rules—most Disability Insurance beneficiaries live with such significant disabilities and severe illnesses that substantial work is unlikely.

Thus, to achieve the goal of supporting workers with disabilities in having a fair shot at gainful employment and economic security, policymakers must step back and take a much broader look at the policy landscape and how it affects workers with disabilities. The following are potential policy directions that policymakers should consider.

- **Raise the minimum wage:** Raising the minimum wage to \$10.10 per hour or higher would boost the incomes of many workers with disabilities, who are especially likely to work in low-wage jobs, and would help to reduce the disability pay gap.
- **Strengthen the Earned Income Tax Credit, or EITC:** Boosting the EITC for workers without dependent children, as called for in the previous CAP report “Harnessing the EITC and Other Tax Credits to Promote Financial Stability and Economic Mobility,” would benefit more than 1 million workers with disabilities, who are more likely to work in low-wage jobs and who are also less likely to have children.
- **Expand Medicaid:** Expanding Medicaid—as 23 states continue to refuse to do—would make it possible for more low-income Americans to access preventive care and reduce financial strain for low-income individuals with disabilities.
- **Ensure paid leave and paid sick days:** Ensuring paid leave—such as through the Family and Medical Insurance Leave Act, or FAMILY Act—as well as paid sick days—as the Healthy Families Act would do—would benefit both workers with disabilities and the 1 in 6 workers who care for family members with disabilities.
- **Improve access to long-term supports and services:** Ensuring access to long-term services and supports for workers with disabilities through a national Medicaid buy-in program with generous income and asset limits would remove a major barrier for employed individuals with disabilities who are working their way out of poverty. An enhanced federal match could ensure that there are no additional costs to states. No person with high support needs should be required to remain poor in order to gain access to the services and supports they need in order to work.
- **Institute a disabled worker tax credit:** This idea, which has received bipartisan support over the years, would enable workers with disabilities to offset the additional costs associated with their disabilities, thus reducing hardship and making it possible for them to work. The credit should be made refundable to ensure that low-income workers can access its benefits. Other important questions that need to be explored include which eligibility criteria to use and whether to structure it as a credit with a flat amount for all workers who qualify or to tie its value to verifiable costs.
- **Adequately fund vocational rehabilitation:** Adequate funding for the vocational rehabilitation system is needed to ensure that all eligible individuals are able to access vocational rehabilitation services when they need them.
- **Create subsidized employment opportunities:** A national subsidized jobs program—modeled after states’ successful strategies using Temporary Assistance for Needy Families Emergency Fund, or TANF EF, dollars in 2009 and 2010—is a policy solution with bipartisan appeal. As outlined in the forthcoming CAP report “A Subsidized Jobs Program

for the 21st Century,” subsidized jobs, in which government reimburses employers for all or a portion of a worker’s wages, offer a targeted strategy to help unemployed workers—including persons with disabilities—enter or re-enter the labor force and bolster their credentials while alleviating hardship in the short term by providing immediate work-based income.

- **Leverage early intervention:** President Obama’s FY 2015 budget outlined three potential approaches to early intervention and called for a demonstration project to evaluate their effectiveness. These or other approaches should be piloted to provide an evidence base for what works in this area.
- **Create a partial or temporary disability program:** The Social Security disability programs are restricted to people with disabilities or illnesses severe enough to preclude substantial work for at least one year or expected to result in death. Policymakers should explore the idea of a complementary program, perhaps administered by the U.S. Department of Labor, to provide people with disabilities or illnesses that do not rise to the level of eligibility for Social Security disability benefits with temporary income support accompanied by supports and services to aid in remaining at or returning to work.
- **Reform asset limits:** The ABLE Act, which allows people with disabilities to open special saving accounts without risking their eligibility in a number of government income support programs, represents an important step in the right direction, but it only helps a narrow subset of people with disabilities. To remove barriers to savings and ownership more broadly for workers with disabilities, Congress must take action to update SSI’s outdated asset limits, as the SSI Restoration Act would do. Additionally, myRA accounts—a new type of retirement savings accounts established in 2014—should be excluded from counting against asset limits in income support programs such as SSI and Medicaid.
- **Ensure adequate affordable, accessible housing:** Funding for public housing and the Section 8 housing voucher program should be substantially increased to meet the needs of low-income people with disabilities. Additionally, policymakers should leverage federal and state funding sources to create and expand incentives for the inclusion of housing units for low-income people with disabilities, as well as compliance with accessibility standards, in new housing development and construction, such as through the Section 811 Housing for Persons with Disabilities program. Ensuring the availability of affordable, accessible housing would enable more people with disabilities to obtain safe and stable housing, secure steady employment, and live independently.
- **Ensure adequate accessible transportation:** Funding for Federal Transit Administration programs such as para-transit, the Section 5310 Transportation for Elderly Persons and Persons with Disabilities program, the United We Ride interagency initiative, and other

vital transportation programs should be increased to enable more people with disabilities to enjoy basic mobility and take jobs that they currently cannot travel to and from without spending hours in transit.

This list is far from comprehensive. But these steps would go a long way toward ensuring that poverty and disability no longer go hand in hand.

Rebecca Vallas is the Director of Policy for the Poverty to Prosperity Program at the Center for American Progress. Shawn Fremstad is a Senior Fellow at the Center and a senior research associate at the Center for Economic and Policy Research. Lisa Ekman is the director of federal policy at Health & Disability Advocates.

From The Center for American Progress