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## Shrinking Labor Market Opportunities for the Disabled?

The labor force participation rate (LFPR) among prime-age (25–54 years old) people averaged 80.8 percent in 2015, down 1.8 percentage points (2.6 million people) from 2009, according to the U.S. Bureau of Labor Statistics. According to our calculations from the Current Population Survey (CPS), a drop in LFPR among individuals with disabilities accounts for about a fifth of that decline.

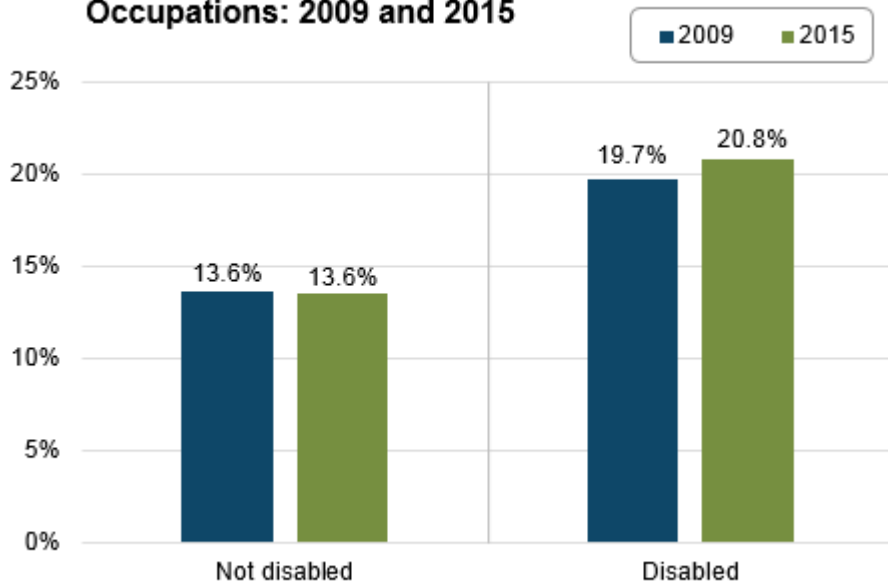
Many people with disabilities are active in the labor force, working or looking for work. But the disabled LFPR has fallen a lot in recent years—it's down from 39.3 percent in 2009 to 34.5 percent in 2015. In other words, for some reason, more prime-age individuals with disabilities have opted out of the labor market.

A rising share of the prime-age population with a disability is not the culprit. In fact, the 2015 average disability rate was 6.4 percent, the same as in 2009. It is possible that the severity rather than incidence of disabilities has increased in recent years; labor market attachment does vary with type of disability, as [this report](#) shows.

But we suspect that the relatively large decline in disabled labor market attachment probably has also to do with shifts in employment opportunities for those with a disability. Some insight into this issue can be seen by looking at the change in employment shares in occupations that tend to have relatively low pay.

Workers with a disability tend to make less than nondisabled workers. We estimate the median wage of a worker with a disability in 2009 to have been 76 percent that of a nondisabled worker. In 2015, the relative median wage had declined to 74 percent. This drop is partly related to a relative increase in the share of employment for workers with a disability in low-paying occupations (which we define as jobs in personal care, food services, janitorial services, etc.), as the chart shows. The employment news has not been all bad for workers with a disability, however. There has been a rise in the share of employment of people with disabilities in higher-paying occupations since 2009, although they do tend to earn less than other workers in those types of occupations.

**Prime-Age Employment Share in Low-Paying Occupations: 2009 and 2015**



Source: Current Population Survey and authors' calculations

For some workers with disabilities, the financial return to employment versus nonemployment may have become somewhat less attractive in recent years. One factor related to the decision to engage in the labor market is the ability to collect Social Security Disability Insurance (SSDI). SSDI claims [rose notably when the unemployment rate was high](#), which is consistent with the idea that the expected return to labor market activity for some individuals with a disability declined.

Job seekers with a disability have also struggled to find jobs offering the hours they desire. For example, the share of unemployed people finding full-time or voluntary part-time employment within a month, or "the hours-finding rate," is much lower for the prime-age disabled than for the nondisabled, and this share has improved relatively less over the recovery. Between 2009 and 2015, the average disabled hours-finding rate improved 4.7 percentage points, from 9.5 to 14.2 percent. During the same period, the nondisabled hours-finding rate increased 6.3 percentage points, from 13.0 to 19.3 percent.

The incidence of disability among prime-age individuals has not increased in recent years. But the labor market attachment of the disabled has declined, and this decline accounts for about one-fifth of the 1.8 percentage point fall in prime-age labor force participation between 2009 and 2015. Those with disabilities already have a harder time finding well-paying jobs, but that difficulty appears to have increased in that time span.



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