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The Underemployment of Persons with Disabilities During the Great Recession

Neeta P. Fogg, Paul E. Harrington, and Brian T. McMahon

Recent data from the Bureau of Labor Statistics has made it possible to assess the impact of the Great Recession on employed persons with disabilities in the United States. The labor market experiences of employed persons with and without disability during the recession are compared for 16 of the 22 months of its duration. Disability had a serious and negative impact on all unemployment indicators. In terms of under-employment, differences favoring people without disabilities were detected in the levels of involuntary part-time employment and insufficient wages among full-time workers. On balance the traditional insulation provided by age and level of educational achievement do not offer the same levels of protection for persons with disabilities in a serious recession. Finally, the overall impact of the Great Recession in terms of both unemployment and under-employment is summarized.

Keywords: recession, disability, unemployment, under-employment

Disability and Joblessness in the Great Recession

It is generally agreed that the Great Recession lasted from 12/07 through 09/09, a period of 22 months. Two industries, construction and manufacturing, and their high frequency occupations were most affected. Impacts of economic recessions are typically considered in terms of joblessness. For a 16 month study period during the Great Recession dated 06/08 through 09/09, unemployment comparisons were made by the authors between persons with a disabilities (PWDs) and persons without disabilities (PWODs) and can be summarized as follows (Fogg, Harrington & McMahon, 2010):

1. The *labor maket participation rate* is the proportion of people within each group's total working-age population that was employed. For PWD this figure was 35.9% of its working age population. For PWODs this figure was 78.5% of its working age population.

2. The *official unemployment rate* is the proportion of people within each group's total labor force that was unemployed. This does not include people with no job desire or who are not seeking or immediately available for work. For PWD this figure was 13.9% of its labor force. For PWODs this figure was 7.8%. Note: this statistic is not the flip side of the labor market participation rate which is computed as a proportion of the total working-age population.

3. The *labor market reserve ratio* is the proportion of people within each group's adjusted labor force who are unemployed and still want a job, but have forsaken job search activities. The adjusted labor force includes those persons in the labor force plus the *labor force reserve* (whose members maintain a job desire). The labor force reserve is not officially deemed part of the labor force. The labor market reserve ratio for PWDs was 7.3% vs. 2.9% for PWODs.

4. The average duration of unemployment was 25 weeks for PWDs vs. 20.9 weeks for PWODs.

It is clear from these statistics that the Great Recession had a severe and adverse effect upon working age Americans with disabilities in terms of joblessness. However, this was not the only adverse impact. The purpose of this article is to document deteriorating conditions for those who managed to remain employed. For the first time in June 2008, it became possible to measure these impacts on PWDs when the U.S. Bureau of the Census began collecting information on PWDs in the working age population through the Current Population Survey (Bureau of the Census, 2010). The Current Population Survey (CPS) is a monthly survey of approximately 60,000 households intended to measure various characteristics of the population including labor force activity of the working-age population. The CPS now includes six questions examining limitations associated with daily living activities: 1) Is one deaf or does one have serious difficulty hearing? 2) Is one blind or does one have serious difficulty seeing even when wearing glasses? 3) Because of a physical, mental, or emotional condition, does one have serious difficulty concentrating, remembering, or making decisions? 4) Does one have serious difficulty walking or climbing stairs? 5) Does one have difficulty dressing or bathing? 6) Because of a physical, mental, or emotional condition, does one have difficulty doing errands alone such as visiting a doctor's office or shopping?

An affirmative answer to just one of these items would classify that individual household member as disabled in that month; i.e., a working age household resident (non-institutional) with at least one limitation in a daily life activity. This measure of disability does not conform to that of ADA or any other agency, policy, or law.

The remainder of this paper is based on the findings of the monthly CPS survey for the period of 06/08 (the first month for which disability data was collected) through 09/09, a period of 16 of the 22 months characterized as the Great Recession. This allows for direct comparisons of the work-related problems of employed PWDs vs. those of employed PWODs.

Work Hours Reduction

Many employers adjusted to reduced demand for products by cutting the hours of work for those who remained on payroll. Some full-time workers reverted to part-time work rather than not work at all. These workers reported that they preferred full-time work which was not available due to unfavorable business conditions. Family incomes fell sharply as weekly hours of work decline, and important benefits such as health insurance sometimes disappeared.

The proportion of PWDs who were employed part-time for economic reasons was on average 7.8 % over the study period. For employed PWODs the same figure was 5.5% (see Figure 1). These shares varied somewhat by both age and educational attainment. The problem was especially severe among teens and young adults. The data reveal that one in eight employed young adult PWDs was stuck in a part-time job involuntarily. The incidence of involuntary part-time employment declined with age for both PWDs as well as PWODs. However, the relative size of the gap between these groups actually increased until age 55. Part-time employment for economic reasons for PWDs relative to PWODs was 1.4 times higher among teenagers and young adults, and 1.5 to 1.8 times higher among workers between 25 and 54.

Concerning the influence of educational attainment, higher levels reduced the likelihood of involuntary part time work for both PWDs and PWODs (see Figure 2). Employed high school dropouts were much more likely to be relegated to part-time work; this was roughly equivalent for both groups (PWD: 1 in 8; PWOD: 1 in 9). The problem declined as education increased for both groups. However, the rate of decline was much slower for PWDs. Consequently, the relative size of the gap between groups rises with educational attainment.

Reduced Wages for Full-time Workers

During the Great Recession, a substantial share of full-time workers were compensated at lower levels. Using data from the CPS regarding the weekly earnings of employed persons, the mean number of persons who worked a full-time schedule of 35+ hours but had weekly earnings of $330 or less was calculated. This level of earnings was the minimum required over a 52-week period to approximate the poverty threshold for a family of three. Thus our comparison statistic involved low-wage full-time workers whose income is insufficient to raise a family of three above the poverty line.

As seen in Figure 3, about 12% of all workers met this criterion. Minimal differences were found between PWDs (11.5%) and PWODs (12%) . Minimal differences failed to materialize in various age groups and age differences were bi-directional.

The influence of educational attainment was somewhat stronger. For those who remained employed, PWDs who were high school dropouts experienced a smaller "low wage problem" (15.2%) than their PWOD counterparts (18.8%). [Recall from page one that PWDs had markedly higher levels of unemployment]. As educational attainment increased the likelihood of low-wage employment declined, and both groups reach relative parity regarding this issue. It appears that for all employed workers the chances of working at a low-wage job falls markedly as education increases, regardless of disability status.

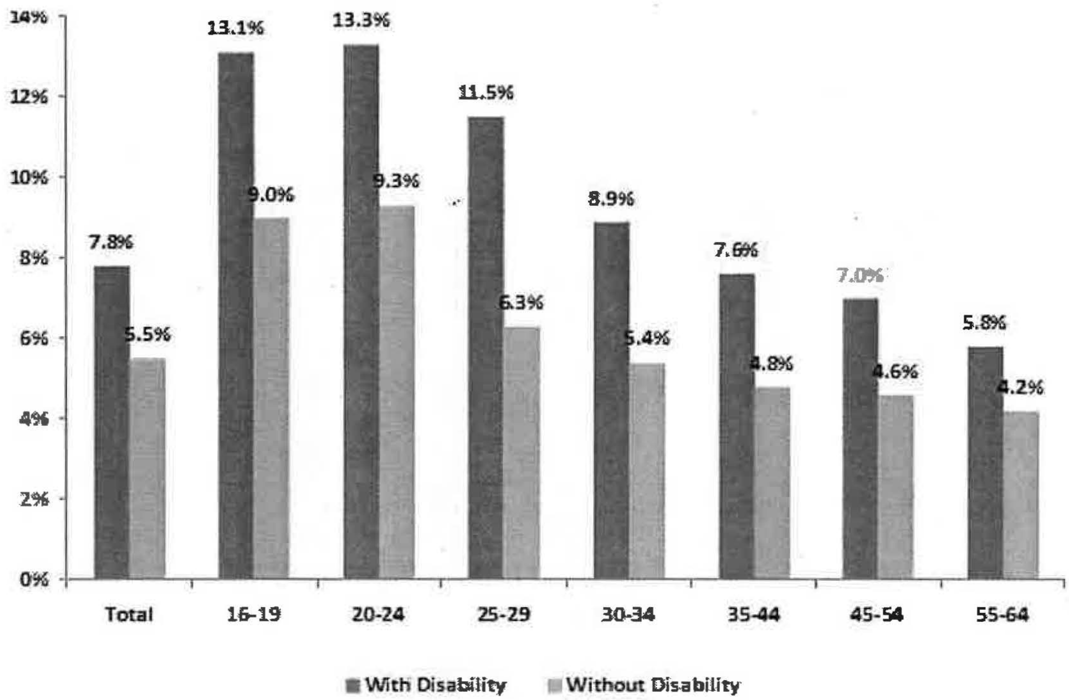

Figure 1. Share of employed persons who worked part-time due to economic reasons by age and disability status from 06/08 to 09/09.

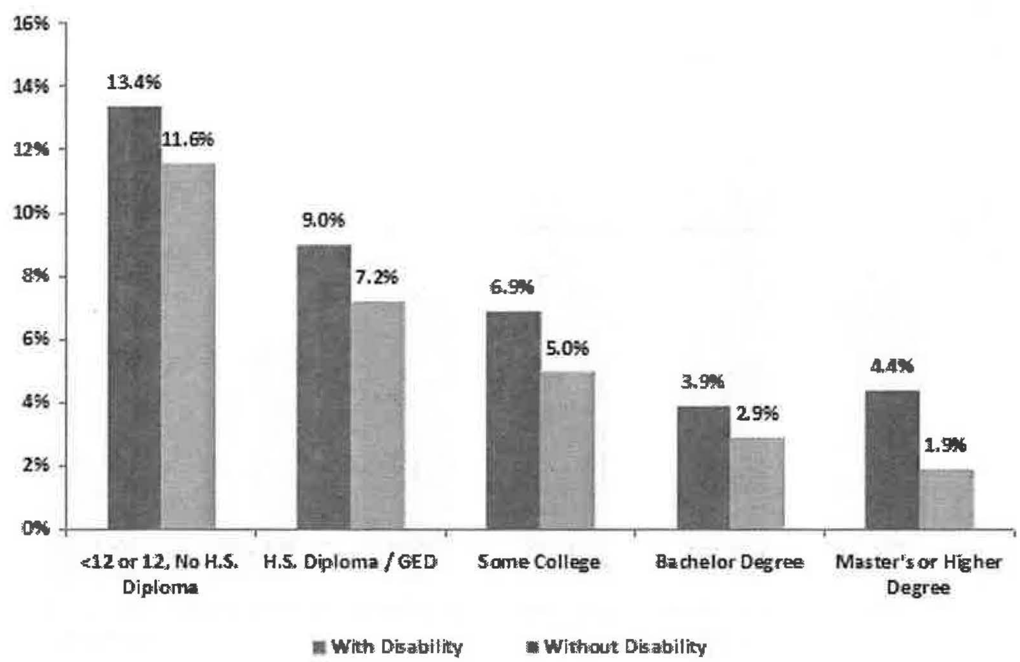

Figure 2. Share of employed persons who were working part-time due to economic reasons by educational attainment and disability status from 06/08 to 09/09.

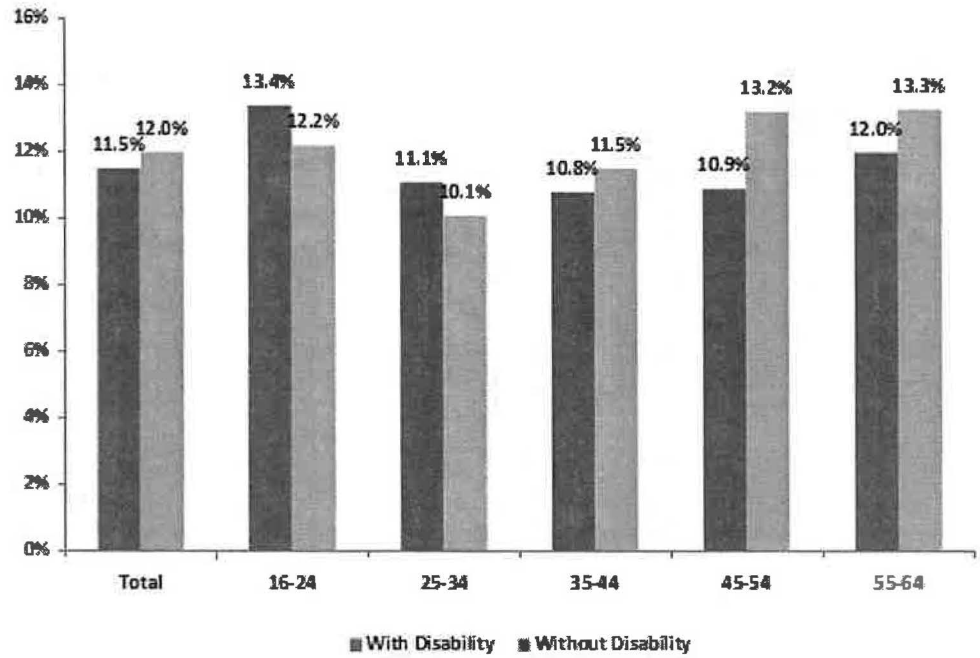

Figure 3. Share of persons who were employed full-time but with low earnings by age group and disability status from 06/08 to 09/09

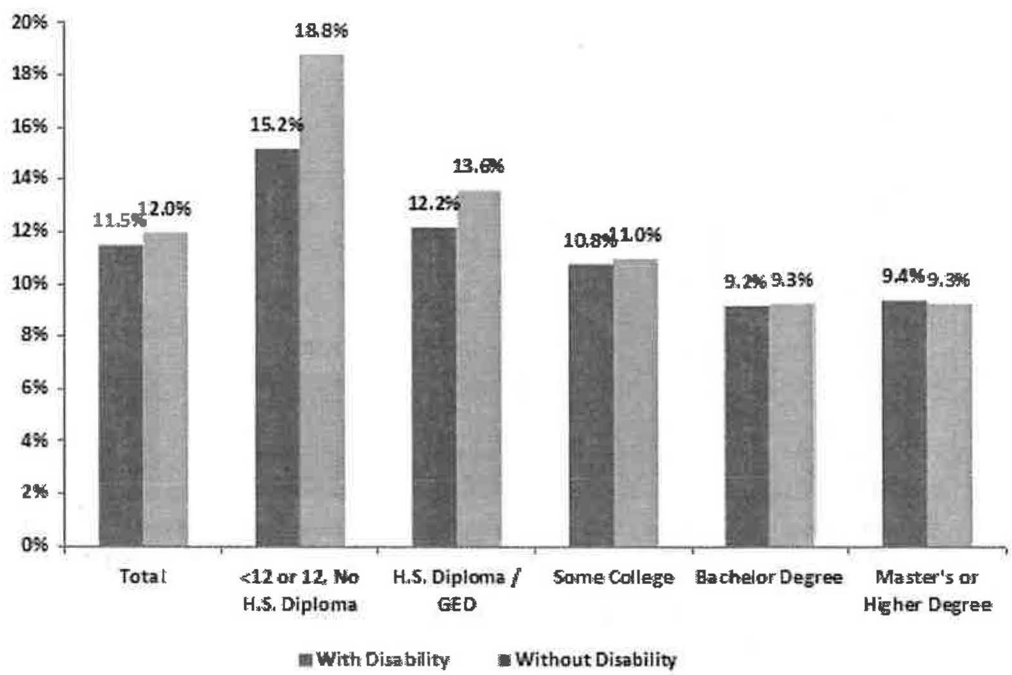

Figure 4. Share of persons who were employed full-time but with low earnings by educational attainment and disability status from 06/06 to 09/09.

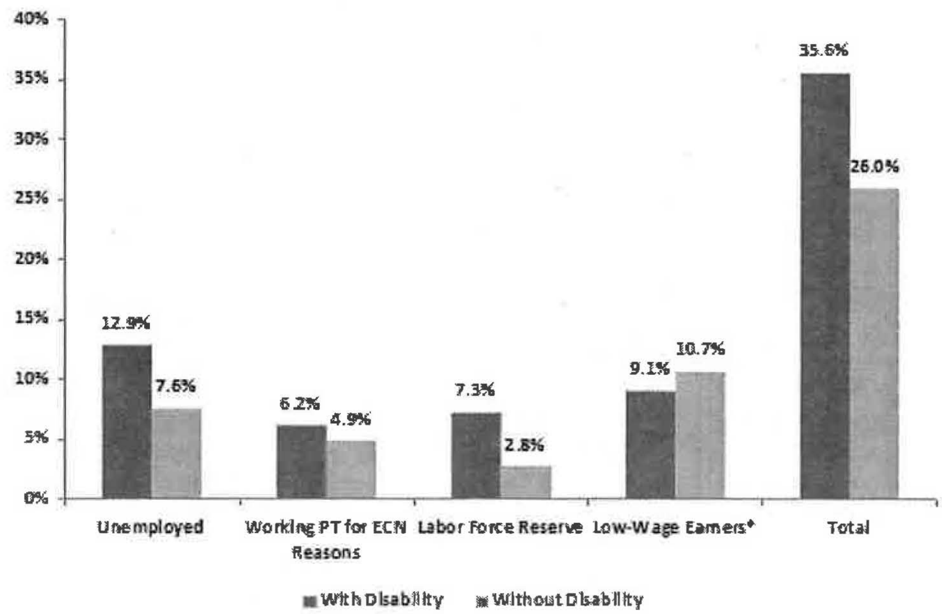

Figure 5. Incidence of labor market problems in the adjusted labor force civilian non institutional population by disability status from 06/08 to 09/09.

Summary and Conclusions

A new set of data gathered through the CPS was used to shed light upon the employment problems experienced by American workers over the course of the Great Recession of 2007-2009. Figure 5 summarizes the main employment findings affecting both PWDs and PWODs (combining this study with Fogg et al, in press). PWDs were clearly more likely to have experienced either underutilization or underemployment compared to their PWOD counterparts. The adjusted labor force counts all PWDs who were employed, unemployed, or who had a job desire (labor force reserve). During the Great Recession, over 1/3 of this group of PWDs (35.6%) experienced a major problem that substantially limited their employment and/or earnings potential. Official unemployment was the single largest labor market problem facing PWDs, but hidden unemployment added considerably to their underutilization (20.2% when open employment and labor market reserve are added). However, even among employed PWDs there existed high levels of underemployment. About one in six persons in the adjsuted labor force with a disability was involuntarily employed in part-time work or was working full-time at a wage insufficient to raise a family of three above the official poverty line.

PWODs were not unscathed by the downturn. Indeed we find that 26% of the PWOD adjusted labor force also experienced problems of underutilization or underemployment. Nontheless, these data reveal that on average PWDs were about 1.36 times more likely to expereince one of these four major labor market problems as compared to PWOD counterparts. These findings suggest that ongoing efforts to increase the labor force attachment of PWDs were frustrated by labor market conditions that resulted in even more severe and widsespread employment problems than historically documented. The Great Recession depressed not only the labor force participation of PWDs but it actually led to a decline in the overall number of labor force participants in the nation—a first since labor force data were initiatlly collected in 1948.

In terms of disability policy, it is well known that the recession also resulted in lower tax revenues for federal, state, and local governments. Government officials charged with the vocational restoration of PWDs are under pressure currently to "re-balance" rehabilitation investments among independent living, medical, and vocational programs. These figures would argue that PWDs bore more than their share of the adverse economic impact due to the Great Recession, and now is not the time to reduce the employment services that they require. It is also worth considering that vocational interventions might be redirected toward the underemployed and the labor

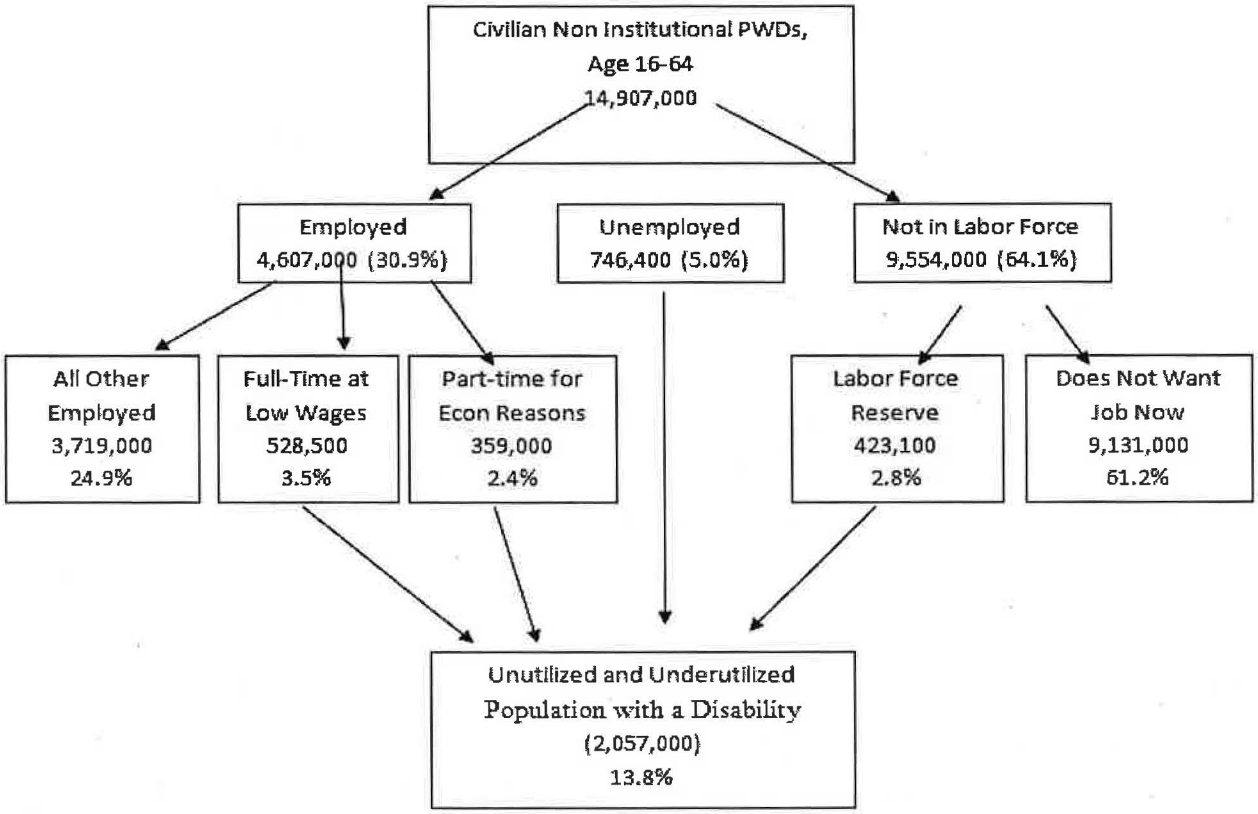

Figure 6. Average monthly aggregate size of age civilian non institutional population of PWDS experiencing a labor market problem during the great recession, (not seasonally adjusted, in 1000s). *Note.* Figure 5 uses the adjusted PWD workforce as the denominator. Figure 6 uses the entire population of PWD as the denominator. Hence the %-age figures are not identical.

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Author Note

Neeta P. Fogg and Paul E. Harrington are with the Center for Labor Market Studies, Northeaster University, Boston, Massachusetts. Brian T. McMahon is with the Department of Rehabilitation Counseling, Virginia Commonweath University, Richmond, Virginia.

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Address correspondence to Brian T. McMahon, VCU Department of Rehabilitation Counseling, PO Box 980330, Richmond, VA, 23298-09330, phone: (804)827-0917, fax: (804)828-1321, email: btmcmaho@vcu.edu