

Leaving No One Behind:

FINDING POLICY SOLUTIONS TO ELIMINATE BARRIERS TO WORK FOR PEOPLE WITH DISABILITIES



Written by Regan Price, MPA
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 SMARTINCENTIVES

About the Authors

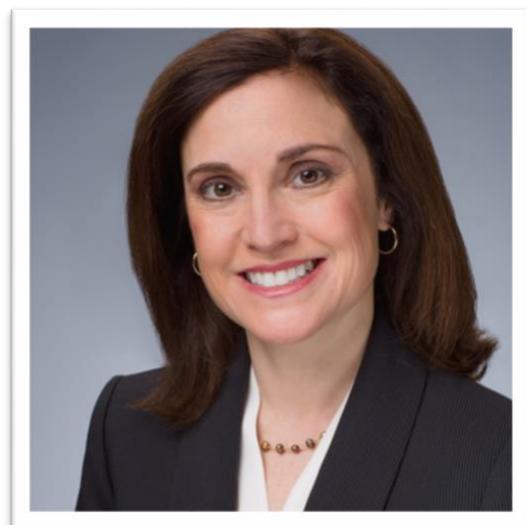
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About the Organization



Launched in 2013, Smart Incentives helps state and local governments use economic development incentives effectively and responsibly. We have developed Smart Incentives because we believe that it is vital for economic development groups to have access to high-quality business intelligence, data, and analytical tools to make the best decisions for their communities. Smart Incentives is at the forefront of efforts to develop better processes for monitoring compliance and evaluating the effectiveness of incentive programs. Our principals speak and write frequently on incentive policies and programs for organizations including the National Conference of State Legislatures, National League of Cities, State Economic Development Executives Network, Center for Regional Economic Competitiveness, Council of Development Finance Agencies, and The Pew Charitable Trusts and have provided legislative testimony in several states.

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Executive Summary

Persons with a disability (PWD) in the United States (U.S.) participate in the workforce at lower rates than those without a disability. According to the U.S. Bureau of Labor Statistics (BLS), only 17.9 percent of PWD were employed compared to 61.8 percent of those without a disability. Across all age and educational attainment groups, PWD are less likely to be employed than those without a disability. There exist further employment disparities between PWD according to their race, gender, and socioeconomic status. Of PWD in the U.S., Blacks are less likely to be employed than Whites, Latinx, and Asian PWD. Similarly, women with disabilities are less likely to be employed in the U.S. than men with disabilities, even if they have the same educational attainment.¹

The U.S. government has limited control over private-sector behavior, including requiring private employers to hire and retain PWD. However, several federal- and state-level initiatives aim to close employment gaps and help PWD attain employment through market mechanism policies. These policies include offering government funds in the form of tax credits, loans, or grants to private employers. In return, private employers agree to hire PWD. These types of policies are referred to as “incentives” or “government incentives.” Though past incentive programs, combined with civil rights laws, have achieved some success in helping people with disabilities find and retain equal employment, past incentive programs have been generally limited in impact.

To be most effective, government incentives must be integrated into an overall strategy. Standalone incentives are unlikely to make a meaningful impact but can become powerful when combined with other workforce development programs for PWD. Better data are needed about the use and employment outcomes associated with state hiring tax credits to make informed policy decisions about their future design. Lastly, while incentives can be larger to make the “juice worth the squeeze” for employers, they should also be more aggressively promoted to companies. Marketing and outreach can address employers’ concerns about hiring PWD and describe the support system available to employers and employees to make sure the hiring decision works well for both parties.

¹ (Department of Labor, 2021)

Vocabulary and Definitions

Unemployed

People who had no employment during the survey week, were available for work at that time, and had made specific efforts to find employment sometime during the 4-week period ending with the survey week.

Unemployment rate

Number unemployed as a percentage of the labor force.

Disability

Physical, mental, or emotional condition that substantially limits an individual from one or more daily life activities.

Educational attainment

Highest diploma or degree, or level of work toward a diploma or degree, that an individual has completed.

Employed

People who, during the survey week, did any work for pay or profit; did at least 15 hours of unpaid work in a family-operated enterprise; or were temporarily absent from their regular job(s) because of illness, vacation, bad weather, an industrial dispute, or various personal reasons.

Intersectionality²³

The complex, cumulative way in which the effects of multiple forms of discrimination (such as racism, sexism, and classism) combine, overlap, or intersect, especially in the experiences of marginalized individuals or groups.

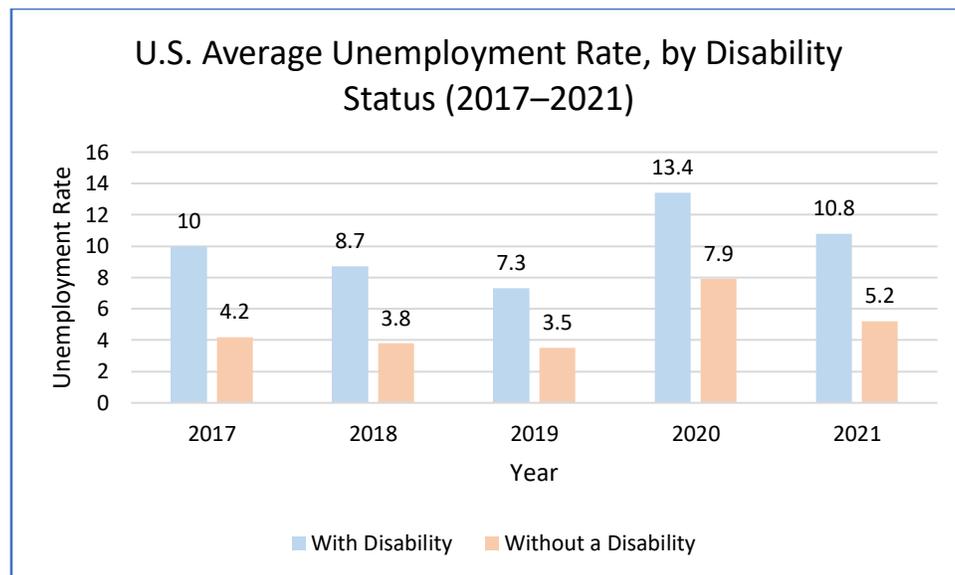
² (U.S. Bureau of Labor Statistics, 2022)

³ (Merriam-Webster, 2022)

Introduction: People with Disabilities in the United States Disproportionately Face Barriers to Employment

PWD in the United States (U.S.) participate in the workforce at lower rates than those without a disability. According to the U.S. BLS, only 17.9 percent of PWD were employed compared to 61.8 percent of those without a disability (see Chart 1). Across all age and educational attainment groups, PWD are less likely to be employed than those without a disability. This means that even if a person with a disability has the same educational attainment level as a person without a disability, they are less likely to be employed. PWD are also more likely to be self-employed or employed part-time than those without a disability.⁴

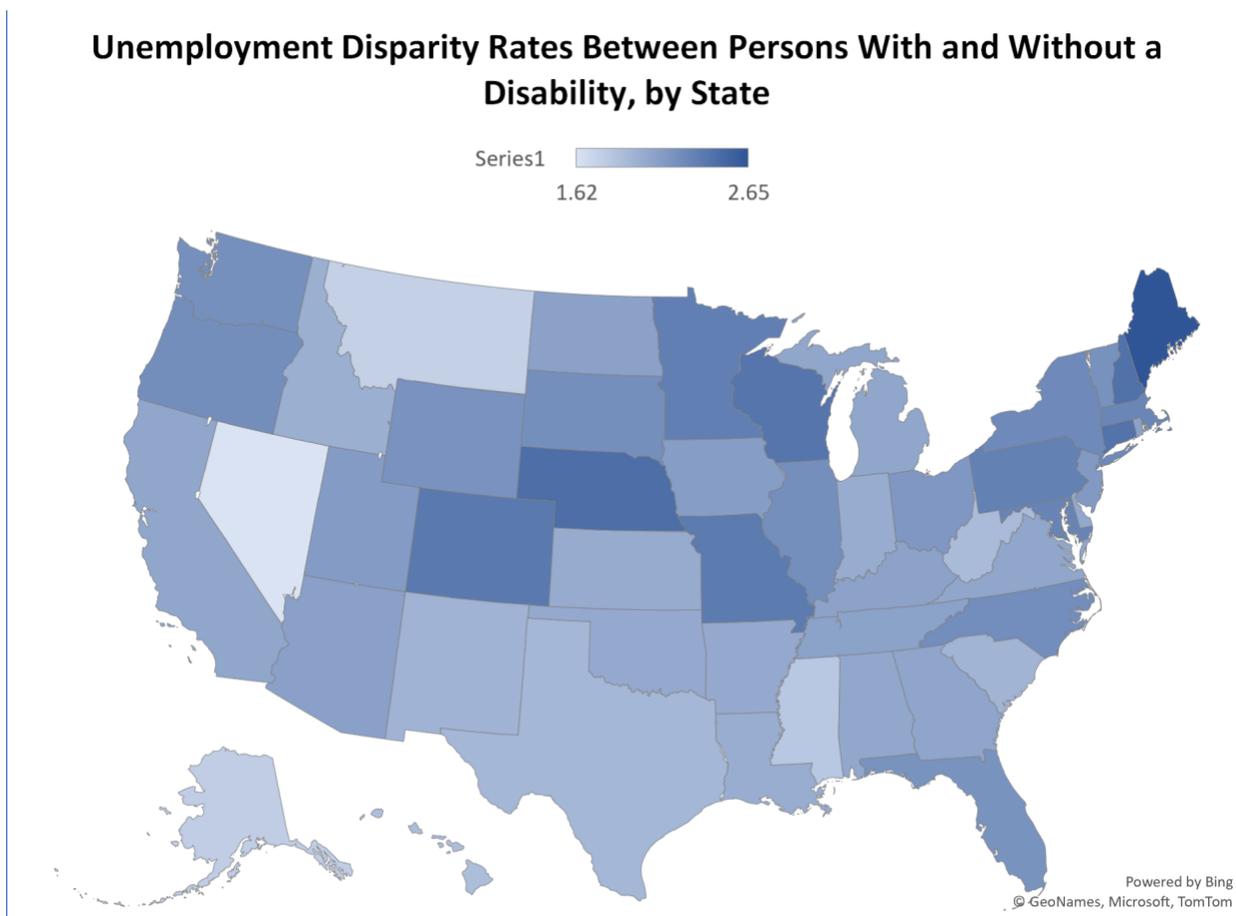
Chart 1⁵



Employment disparities between PWD and those without a disability are prevalent across the entire U.S., but vary slightly by state. See Figure 1 for more details.

⁴ (Statistics, Persons with a Disability: Labor Force Characteristics Summary , 2022)

⁵ 4; (Statistics, Table A. Employment status of the civilian noninstitutional population by disability status and age, 2020 and 2021 annual averages, 2021); (Statistics, Persons with a Disability: Labor Force Characteristics News Release, 2019); (Statistics, Monthly Labor Review , 2019)

Figure 1⁶

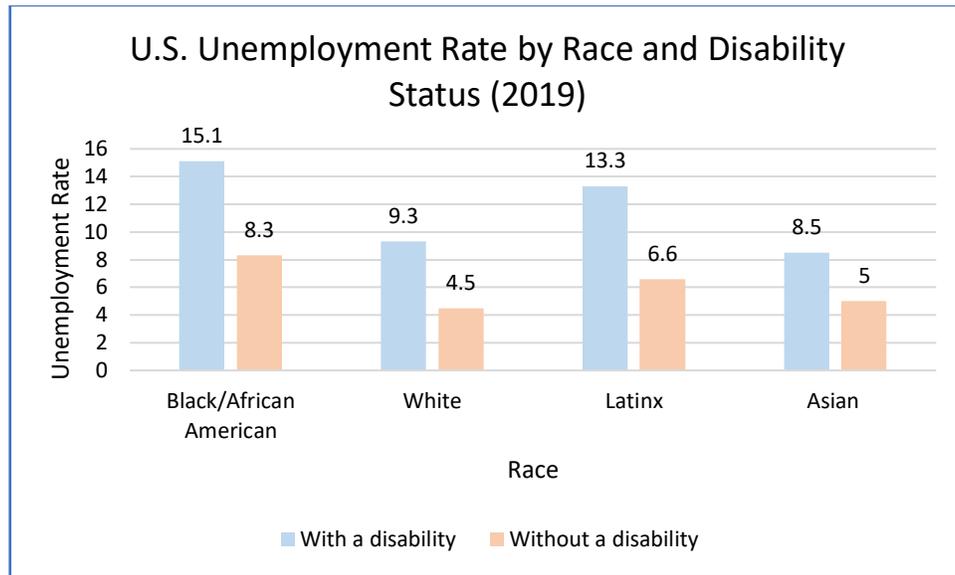
Note: Figure 1 shows the difference between the unemployment rate for PWD and the unemployment rate for the total population age 16+ in each state. The darker the color, the higher the disparity.

There exist further employment disparities among PWD according to their race, gender, and socioeconomic status. Of PWD in the U.S., Blacks are less likely to be employed than Whites, Latinx, and Asian PWD (see Chart 2).⁷ Similarly, women with disabilities are less likely to be employed in the U.S. than men with disabilities, even if they have the same educational attainment. For example, in 2020, the employment to population ratio for men with a disability who had attained a bachelor's degree or higher was around 60 percent, and for women with a disability who had attained a bachelor's degree or higher, the ratio was around 55 percent. See Appendix 1.1 for more details.⁸

⁶ (Bureau, 2020: ACS 5-Year Estimates Subject Table: Employment Status , 2020)

⁷ (Goodman, 2021)

⁸ (U.S. Department of Labor, 2021)

Chart 2⁹

What is a Disability?

A disability is defined as “any condition of the body or mind (impairment) that makes it more difficult for the person with the condition to do certain activities (activity limitation) and interact with the world around them (participation restrictions).”¹⁰ There are many types of disabilities, and a person may have only one or multiple disabilities. Some disabilities may affect an individual’s:

- Vision
- Movement
- Thinking
- Remembering
- Learning
- Communicating
- Hearing
- Mental health
- Social relationships

This paper refers to “people with disabilities” generally, though people have varying types of disabilities and may be affected in different ways. This includes the extent to which a person with a disability may have access to resources to manage symptoms of their disability. Disabilities can be “visible” and “invisible.” For example, a person with a mental health disability might not initially appear to have a disability. In contrast, a person with a movement disability may require equipment, like a wheelchair, to help them with mobility. The latter condition is more apparent.

⁹ (Statistics, Persons with a Disability: Labor Force Characteristics News Release, 2019)

¹⁰ (U.S. Center for Disease Control and Prevention, 2022)

Overview of the Government's Role in Helping PWD Find and Retain Work

The Americans with Disabilities Act (ADA) protects individuals with disabilities in matters of employment by requiring private employers with 15 or more employees to provide qualified individuals with disabilities equal opportunity in the workplace and make reasonable accommodations. Under the ADA, it is illegal for private employers to discriminate because of disability status in matters of recruitment, hiring, promotions, training, pay, social activities, and other privileges of employment.¹¹ If a person with a disability felt their rights under the ADA were being violated, they would have a legal cause of action against their employer.

Although it is illegal to discriminate against PWD in the workplace under the ADA, private employers cannot be compelled by the government to hire PWD. Further, unless there is overwhelming evidence of employer discrimination against a person with a disability during the hiring process, it can be difficult to prove whether discrimination indeed occurred. The burden of proof is on the person with a disability to prove they did not receive a position because of discrimination.

The same legal protections for PWD provided by the ADA in the private sector also apply in the *public* sector. In the public sector, however, managers *can* be compelled to hire PWD if there are executive or legislative actions in place to promote hiring PWD. For example, if a state Governor implements a public policy goal to increase employment among PWD, she/he may issue an executive order to agencies to recruit PWD by setting a goal or a quota.

The U.S. government is generally limited in its ability to control private-sector behavior, including requiring private employers to hire and retain PWD. However, the U.S. federal government, and many state governments, have still attempted to close employment gaps and help those with disabilities attain employment by leveraging market mechanism policies. These policies include offering government funds in the form of tax credits, loans, or grants in exchange for private employers agreeing to hire PWD. These types of policies are hereafter referred to as “incentives” or “government incentives.”

¹¹ (U.S. Department of Justice, 2020)

Explaining Employment Disparities by Disability Status, Gender, and Race

Even with legal protections and government incentives in place, employment disparities by disability status persist. According to one study involving a survey of multiple private employers, more than 60 percent of respondents agreed with the following reasons for employers not hiring people with disabilities:

- “They are worried about the cost of providing reasonable accommodations so that workers with disabilities can do their jobs.
- They don’t know how to handle the needs of a worker with a disability on the job.
- They are afraid they won’t be able to discipline or fire a worker with a disability for poor performance, because of potential lawsuits.
- They can’t ask about a job applicant’s disability, making it hard to assess whether the person can do the job.
- They are concerned about the extra time that supervisors or co-workers will need to spend to assist workers with disabilities.
- They are worried about the other costs, such as increased health insurance or worker’s compensation premiums.
- They are afraid the workers with disabilities won’t work up to the same standards as other employees.
- They rarely see people with disabilities applying for jobs.
- They believe that people with disabilities can’t do the basic functions of the jobs they apply for.
- They discriminate against job applicants with disabilities.”¹²

Overall, the researchers of this study argue that private employers do not hire PWD because of ignorance, including a lack of awareness about how to accommodate or interact with PWD, perceived high expenses of accommodation, avoiding legal liability, a lack of awareness of and expertise in disability issues, and lack of the existence or effectiveness of government financial subsidies and incentives.

Overcoming employer biases and resistance toward wanting to hire PWD is further complicated by the intersectionality of gender and race. As stated previously, Blacks with disabilities are less likely than White people with disabilities to be employed, and women with disabilities are less likely than men with disabilities to be employed.¹³

¹² (Kay S., 2011)

¹³ (U.S. Bureau of Labor Statistics, 2022)

These findings support the lived experiences of many Black women, and women of color, living and working with a disability. Donna Walton, Author of *Shattered Dreams, Broken Places*, a Board Member of the National Disability Institute, and a Black woman with a disability wrote:

As an African American woman living with a disability, I have experienced the impact of race and disability on my own employment stability and have also witnessed its impact on other women of color with disabilities. The impact of the triple jeopardy syndrome cannot be overstated, as an African American woman with a disability can never can be quite sure if her race, gender, or disability is hurting her chances for advancement. Is her chance to get a job she is qualified for jeopardized because she is black? Is she the recipient of inferior service at a bank because she is female? Does she receive insufficient financial planning opportunities because she has a disability? ¹⁴

Similarly, Ashton (pseudonym), a woman of color, microbiology undergraduate at Virginia Tech, and person with a disability said in an interview for this report:

I think that in America, white men [without disabilities] still rule a lot, though there's a shift toward diversity...I think sometimes [the problem] is intimidation...we [women, person of color, person with a disability] have low self-esteem and think, "who would want me in their company?" ¹⁵

In another interview, Claire (pseudonym), a higher education administrator and woman with a disability noted:

Employers don't see the inherent value in a diverse range of lived experience. And until they do, they will always [just] see the cost... the dominant norm in society and the workplace is to keep people with disabilities out, whether [the disability] is visible or invisible. I think when you present yourself as a woman with a disability there are even more reasons to keep you out of the male-dominant experience. ¹⁶

The Importance of Closing Disability Workforce Participation Gaps

Closing employment gaps for people with disabilities underscores our country's institutionalized values and shared democratic ethos. The U.S. Federal Government has

¹⁴ (Goodman, 2021)

¹⁵ Personal communication, 2021

¹⁶ Personal communication, 2021

enshrined civil rights protections for PWD as they relate to employment in laws such as the ADA. Evidentially, American democratic institutions have deemed equality in employment—regardless of disability status—as a national public right and a policy goal. This is an issue of values. People in the U.S., as demonstrated by democratic actions, have and promulgate virtues like protected rights under the law, justice, and equal opportunity for all.

There is also an economic case for closing disability employment gaps. For example, poverty can cause disability, which disproportionately harms children with disabilities living in poverty.¹⁷ Children living in poverty are more likely to develop disabilities such as asthma, chronic illness, or environmental-related illness like lead poisoning or learning problems. Overall, children living in poverty are more likely to have a disability than children with a disability not living in poverty (see Chart 3). Moreover, poverty overwhelmingly affects children, who comprise 50 percent globally of those living in poverty.¹⁸

Adults working in physically demanding low-income jobs may also be more prone to developing workplace illnesses or on-the-job injuries. For adults that acquire disabilities due to poverty conditions, it may be difficult to gain access to resources to mitigate the impact of that disability, such as healthcare. This creates a vicious, painful cycle; poverty can worsen disability, and disability (plus all expenses and resources required for treatment), may cause poverty, or limit one's ability to escape it.¹⁹

This cycle of disability and poverty is further complicated by the intersectionality of race, gender, and poverty in the U.S. Blacks, as a group, have lower incomes and poorer health status than Whites. Women with a disability (and women without a disability) are more likely to be in poverty than men, even if men also have a disability (see Chart 4).²⁰

¹⁷ (Goodman, 2021)

¹⁸ (UN Development Programme, 2022)

¹⁹ (Goodman, 2021)

²⁰ (Goodman, 2021; U.S. Census Bureau, 2019)

Chart 3²¹

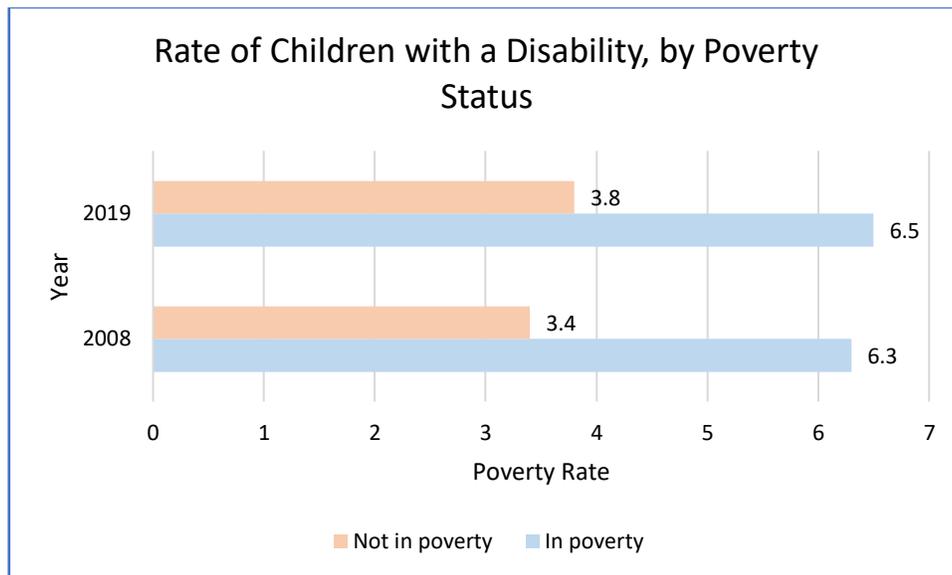
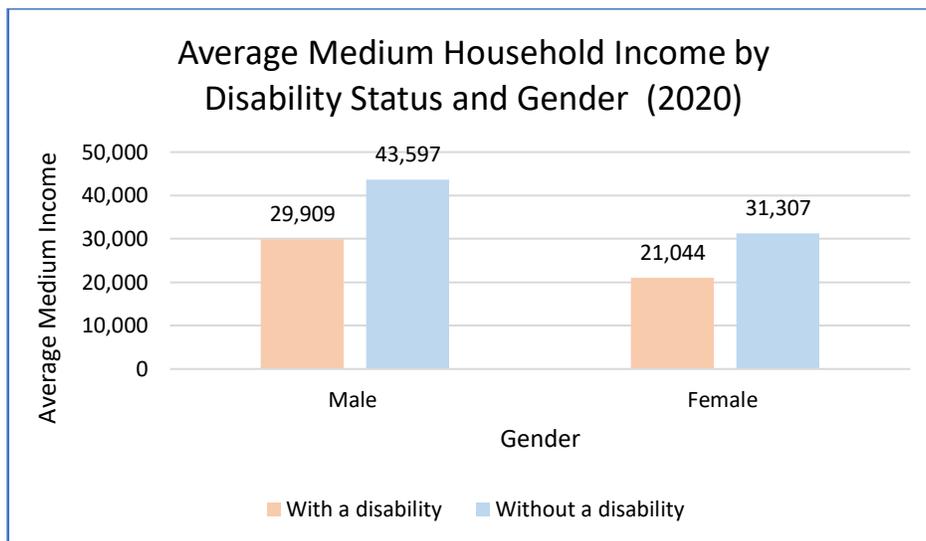


Chart 4²²



It is in the best economic interest of the collective to have less poverty. When individuals are not burdened by poverty, they can spend money, build wealth, start a business, further innovation, and generally contribute to the economy. For children, there are more opportunities to grow and excel in school and social life when not facing added social and

²¹ (U.S. Census Bureau, 2019)

²² (Bureau, Median Earnings in the Past 12 months by Disability status by Sex, 2020)

physical burdens. Overall, less money spent on public funds toward welfare-type public programs means more funds can be allocated to improvements in infrastructure, housing, or education.

There is also a solid business case for closing employment gaps for PWD: By excluding PWD—especially women and people of color with disabilities—employers are leaving an entire talent pool untapped. Due to slowing birth rates in the U.S., there is an increasing number of older workers. Some may begin to retire, and some may develop age-related disabilities. With fewer births, smaller numbers of young people are entering the labor force. To ensure sustained business productivity and innovation, employers must maintain the quality and robustness of their workforce. Excluding PWD because of a bias is a missed opportunity for American businesses.²³

An Analysis of the Use of Past and Current Government Subsidies and Incentives to Foster Equity in Disability Employment

The major federal tax incentives for hiring persons with disabilities are the Work Opportunity Tax Credit, the Disabled Access Credit, and the Architectural and Transportation Barrier Removal Credit. See **Table 1** for an overview of these policies. There are also many incentive programs at the state level to incentivize the recruitment and retention of people with disabilities. For example, in the City of Tempe in Arizona, the Arizona Developmental Disabilities Planning Council provides grants to organizations, local governments, research institutions, and private companies to facilitate hiring neurodiverse people in the city. Delaware has a state employer tax credit available to employers for up to \$1,500 for each person with a disability hired.

Table 1 ²⁴

Major United States Federal Hiring Incentives for People with Disabilities

Efforts	Purpose
Work Opportunity Tax Credit (WOTC)	<i>To allow businesses to claim a tax credit when hiring and employing those with disabilities who receive veterans or state-administered vocational rehabilitation</i>

²³ (Lengnick-Hall M., 2008)

²⁴ (Desai M., 2020)

	<i>services of Supplemental Security Income Benefits.</i>
Disabled Access Credit	<i>To allow businesses to claim a maximum credit of \$5000 for certain eligible expenditures to provide access to individuals with disabilities when such accommodations are required to comply with the ADA.</i>
Architectural and Transportation Barrier Removal Deduction	<i>To allow businesses to deduct up to \$15,000 for the cost of making their facilities or transportation more accessible to and usable by individuals with a disability.</i>

Explaining Past Incentive Programs' Ineffectiveness

Though past incentive programs, combined with civil rights laws, have achieved some success in helping people with disabilities find and retain equal employment, past incentive programs have been generally limited in impact. The limited data on incentive usage suggests programs are lightly used and underutilized relative to the need. This is largely the case because the incentive does not directly address the main stigma/biases employers have regarding hiring individuals with disabilities, the incentive is relatively small, the incentive is not well-known or publicized, or the incentive is not tied to other programs serving either employers or individuals with disabilities. Incentive programs may be designed with several or all these problems.

Opportunities to Improve Disability Employment Incentives

Even with these weaknesses, incentives remain one of the favored policy options to encourage the hiring of PWD. For example, the Council of State Governments encourages states to:

- Explore tax credits for employment supports such as physical building barrier removal, workplace accommodations, technology, transportation, and childcare
- Explore opportunities to supplement existing financial incentives to target disability employment supports
- Include disability-owned businesses in targeted state procurement, certification, and financial incentive policies

- Explore tax and financial incentive structures to support disability entrepreneurship start-ups and/or growth ²⁵

Data—to the extent available—show that hiring tax credits are perhaps the least impactful incentive. These programs tend to be small, underutilized, and leave many potential beneficiaries unserved. Experts interviewed for this project also expressed skepticism that hiring tax credits could make a substantial difference, noting that other policies—ranging from better workforce system supports, universal design, and initiatives designed to improve work quality for all but that would disproportionately benefit PWD—are more promising options.

That said, the federal Work Opportunity Tax Credit and similar state programs are likely here to stay. Their effectiveness could be improved by following some basic Smart Incentives principles:

1. Incentives are most effective when integrated into an overall strategy. Standalone incentives are unlikely to make a meaningful impact, but they can become powerful when combined with other workforce development programs for people with disabilities.
2. Incentives should never be about completing transactions, but about accomplishing economic or workforce development objectives. Better data is needed about the use and employment outcomes associated with state hiring tax credits to make informed policy decisions about their future design.
3. Incentives could be larger to make the “juice worth the squeeze” for employers, but they should also be more aggressively promoted to companies. Marketing and outreach could address the concerns employers have with hiring people with disabilities and describe the system of supports available to individuals and companies to make sure the hiring decision works well for both parties.

Conclusion

PWDs’ employment prospects are disproportionately affected by external barriers, such as biases and lack of understanding by private sector employers. Blacks and women with disabilities face even further external barriers to employment.

Previous government incentive policies have been limited in their impact, but there exists an opportunity to improve incentive policies and ensure no one is left behind. To make

²⁵ (Council of State Governments, 2016)

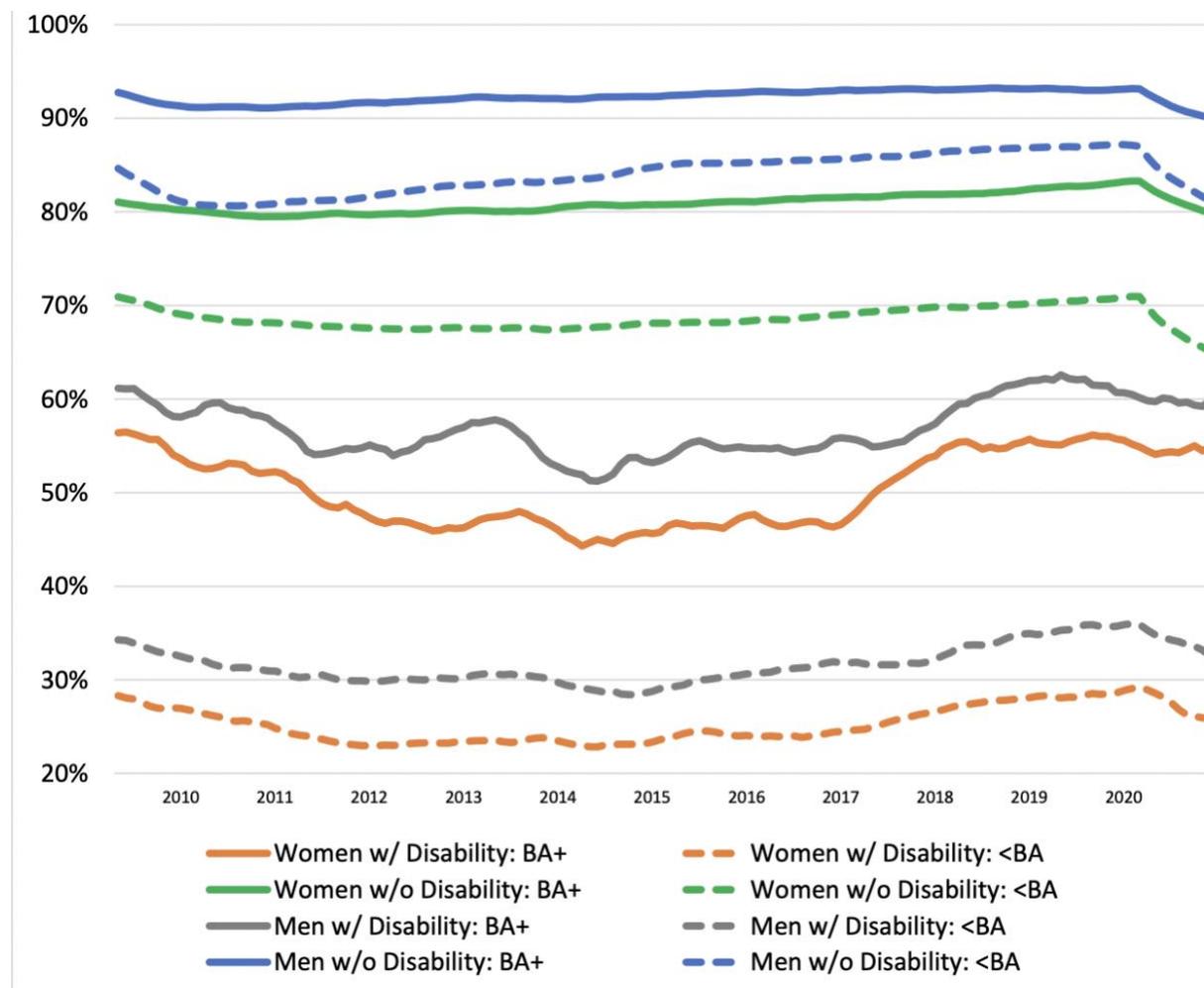
incentives more effective, government incentives must be integrated into an overall strategy and be combined with other workforce development programs and services for PWD. In addition, better data are needed about the use of, and employment outcomes associated with incentives, including hiring tax credits, to make informed policy decisions about their future design. Expanded marketing and outreach about incentive policies could also address employers' concerns about hiring PWD and describe the system of supports available to individuals and companies, ensuring that the hiring decision benefits both parties.

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Appendix

1.1 Employment-Population Ratios by Gender, Disability, and Educational Attainment



Notes: This figure presents 12-month moving average employment-population ratios by gender, disability, and educational attainment for people between the ages of 25 and 54. BA+ indicates a bachelor's degree or higher and <BA indicates less than a bachelor's degree.

Source: Authors' calculations using the Current Population Survey Integrated Public Use Microdata Series (IPUMS).

Adapted from: U.S. Department of Labor, Office of Disability Employment Policy. Spotlight on Women with Disabilities. March 2021. Retrieved May 2022.