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COMMITTEE ON HEALTH, EDUCATION, LABOR & PENSIONS
Tom Harkin, Chairman

Unfinished Business:
Making Employment of People with Disabilities a National Priority

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Contents

An Open Letter from the Chairman...........................................................................................................Page 1
Competitive, Integrated Employment is the Goal..........................................................................................Page 5
The State of Employment for People with Disabilities.............................................................................Page 6
Increasing Employer Demand..................................................................................................................Page 13
Building the Pipeline................................................................................................................................Page 19
The Need for Alignment of Federal Spending with the Goals of the ADA ........................................Page 26
A Time for Action.......................................................................................................................................Page 31
Disability Hearings in the U.S. Senate Committee on Health, Education, Labor and Pensions
During the 112th Congress.....................................................................................................................Page 33
References....................................................................................................................................................Page 35
AN OPEN LETTER FROM THE CHAIRMAN

As the country continues to struggle with persistently high unemployment rates and a shrinking middle class, there has been renewed attention in the last several months to the issue of economic growth and the need for job creation. Many have noted the widespread problem of long-term unemployment and a growing number of Americans who have given up looking for work. Against this backdrop, the U.S. Senate Committee on Health, Education, Labor and Pensions (HELP Committee) has held a series of bipartisan hearings in this Congress to explore an often-overlooked piece of the jobs crisis—the persistently low labor force participation of people with disabilities.

This report describes the dismal disability employment situation, points to some recent developments that create an historic opportunity to bring more workers with disabilities into the labor force, and calls on the leadership in Congress and the Administration, in the business community, and in society at large to elevate this issue to a national priority. Specifically, I call for public and private sector employers to set goals for boosting disability employment, greater opportunities for entrepreneurs with disabilities, improved services to young people with disabilities that can lead to better employment outcomes after graduation, and bipartisan reforms to the largest disability entitlement programs so that they consistently support the efforts of people with disabilities to achieve success in the labor market and become part of the middle class.

On July 26, we will celebrate the 22nd anniversary of the signing of the Americans with Disabilities Act (ADA). In the last 22 years, our country has experienced a transformation in the accessibility of our built environment and our transportation and telecommunications infrastructures. We have moved from a nation of inaccessible sidewalks, buses, buildings and businesses to a country working to ensure access to all locales and activities for all its citizens. Likewise, in the more than 36 years since the passage of what is now known as the Individuals with Disabilities Education Act (IDEA), we have made real strides in providing quality education to children with disabilities. These two landmark statutes have created unprecedented accessibility and opportunity for people with disabilities.

Notwithstanding these critical accomplishments, we have yet to open wide the doors to employment for our citizens with disabilities. Disability employment has lagged over the past two decades. And this situation was dramatically worsened by the recession that began in 2008.
While all American workers suffered during the recession, working-age Americans with disabilities dropped out of the labor force at a rate five times higher that of workers without disabilities. Today the vast majority of American adults with disabilities are not working and are not looking for work. As of June 2012, according to the Bureau of Labor Statistics, only 32 percent of working age people with disabilities were in the labor force, and only about 27.6 percent were actually working (BLS Employment Situation, Table A-6, June 2012).

As someone who has sought to expand rights and opportunities for children and adults with disabilities for almost four decades, I am convinced America is ready to address this next great barrier of disability employment. At this time we are seeing a convergence of strong bipartisan leadership from the public and private sectors with the coming of age of a new generation of young adults with disabilities who have high expectations for themselves and have the education and skills to succeed in the modern workplace. If we make this issue the priority that it deserves to be, in the next few years we will see a real change in employment outcomes for Americans with disabilities.

As the country celebrated the 20th anniversary of the ADA in 2010, President Obama signed an executive order directing the executive branch of the federal government to hire an additional 100,000 federal workers with disabilities by 2015. More recently, in December of 2011, the U.S. Department of Labor issued a new proposed rule calling on federal contractors to take steps to ensure that at least 7 percent of their workforces are made up of people with disabilities. Both of these initiatives have the potential to drive a significant increase in disability employment over the next several years.

In April 2011, at a disability employment summit hosted by the United States Chamber of Commerce and the United States Business Leadership Network, I challenged the employer representatives in the room to work to increase the size of the disability workforce from under five million to six million by 2015. This goal was quickly endorsed by the U.S. Chamber of Commerce (US Chamber of Commerce, 2011). This private business endorsement in partnership with the President’s initiatives is the type of collaboration we need to move the needle on disability employment.

Governors also have an important role to play in elevating this issue, which affects every state budget and every state’s economy. That is why I am delighted that Governor Jack Markell of Delaware announced this month that he will use his bully pulpit as the new Chair of the National Governor’s Association to focus attention on boosting disability employment as signature initiative for the duration of his chairmanship.

In order to address this stubborn problem we need to focus on the root causes. This will include rethinking the way our support programs for people with disabilities are structured. The lion’s
share of the long-term services and supports that the government provides to adults with disabilities is delivered through four programs that fall outside the jurisdiction of the HELP Committee: Social Security Disability Insurance, Supplemental Security Income, Medicaid and Medicare. In order to be determined eligible for these services and supports, most adults with disabilities must prove to the government that their condition is so severe and long-term that it prevents them from “engaging in substantial gainful activity.” The typical applicant for disability benefits understands this to mean that they must prove to the government that their disability prevents them from working. The definition of “disability” used by these programs was written in 1956, a time when our country’s expectations about people with disabilities and the general level of accessibility were very different than they are today. I am convinced that we must develop and implement bipartisan strategies to modernize these programs in a way that consistently promotes long-term employment and economic self-sufficiency and security without harming millions of current and future beneficiaries and recipients.

Since March 2011, Ranking member Mike Enzi and I have convened a series of HELP Committee hearings focusing on the topic of employment for people with disabilities. (See the addendum of this report for a full listing of these hearings.) The Committee hearings have enabled us to learn from people with disabilities themselves; from employers, small and large; from local, state, and federal government officials; and from advocates in the disability community. They have helped us to identify the concerns and possible paths forward.

Informed by witnesses and staff research, this report describes the disability employment situation, a corollary growth in the federal disability benefit rolls, and some promising developments in policy and practice that can inform our efforts to reach the goal of six million people with disabilities participating in the labor force by 2015. My hope is for this report to support and encourage bipartisan leadership in the public and private sectors that will have a measurable positive impact on employment of Americans with disabilities in 2012 and beyond.

When we passed the ADA in 1990, the Congress announced four public policy goals for people with disabilities: 1) equality of opportunity, 2) full participation, 3) independent living and 4) economic self-sufficiency. Those goals are as critical today as they were in 1990, and they are more within our grasp. Yet we will not realize the promise of the ADA and those policy goals if we do not get serious about boosting employment rates for people with disabilities. Now is the time to engage with leaders in government, industry, and the disability community to help America finally tap the tremendous talent pool that exists in our disability community.
With the goal of significantly increasing employment of people with disabilities in mind, I plan to introduce bipartisan legislation that will:

- help young people with disabilities transition successfully from school to higher education and competitive, integrated employment that can lead to quality careers and economic security;
- help disability-owned businesses compete effectively for contracts within all levels of government and the private sector;
- create incentives for States to develop and test new models of providing income support, rewarding work and offering long-term services and supports that will better enable people with disabilities to live in the community, work and earn to their full potential, and remain employed after the onset of a disability; and
- encourage saving and asset development for people with disabilities so that they can become more economically secure and join the middle class.

Along with the legislative initiatives, I will continue to engage with leaders in the business community to encourage them to get more serious about recruiting, retaining and promoting employees with disabilities, and will seek to remove or address any policy or practical barriers that have hindered employer-led initiatives in this area.

Our country showed bold bipartisan leadership in 1990 when it passed the ADA and America is a better place because of its implementation. It is now time again to show the same kind of leadership and open wide the doors to better jobs and careers as well as create an accessible pathway out of deep poverty and into the mainstream of the American middle class for the more than 20 million working age American adults with disabilities.
COMPETITIVE, INTEGRATED EMPLOYMENT IS THE GOAL

The advances made over the past thirty-five years for people with disabilities have been monumental. In 1975, the Education for All Handicapped Children Act (P.L. 94-142), now known as the Individuals with Disabilities Education Act (IDEA), paved the way for all children with disabilities to receive a free, appropriate, public education. Fifteen years later, the Americans with Disabilities Act (ADA) provided broad-based civil rights protections for millions of American citizens with disabilities. Together, these two laws form the foundation of a national policy that provides people with disabilities a free and appropriate public education and the freedom to participate in all aspects of American life, the right to be treated equally, and the opportunity to make choices and experience the kinds of independence and autonomy that other Americans take for granted. The ADA and IDEA have removed many of the barriers that historically have made it difficult for millions of Americans with disabilities to have success in the labor market.

Thanks to these laws, it is easier to get a quality education; to access transportation, telecommunications and the built environment; and to get necessary accommodations at work and at school. We now have a new generation of young adults with disabilities, the “ADA generation,” who have high expectations for themselves and who are ready, willing and able to pursue a good career in high-growth sectors of our Nation’s economy that will allow them to become and stay part of the middle class.

This generation knows that being employed is part of being an adult, being responsible, and being a contributing participant in the American way of life. Being employed has important fiscal, psychological, physiological, societal, and even spiritual benefits. Work leads to financial independence; it enhances one’s ability to make choices and to control one’s life. Work improves the quality of life of individuals and the people living in their households. People who are working report being happier than those who do not work and their families report being happier as well (Gretz, 1993). Neighborhoods with high employment have less crime, have a greater sense of community, and increase the sense of individuals being responsible for one another (Jahoda, 1982; Liem & Rayman, 1982). Work also creates opportunities for relationships; friendships and long-term supports for people with disabilities and older Americans (Schur, 2002). Finally, work provides individuals with a sense of self-worth and

“When people are successfully employed, they contribute to the wellbeing of our society rather than becoming a burden.”

~ David Egan, HELP Committee Witness, March 2, 2011
allows them to contribute to society; through the direct work they do, through paying taxes, and through charitable contributions (Hill, Bank, Handrich, Wehman, Hill, & Shafer, 1987).

These benefits have eluded the vast majority of people with disabilities, despite the availability of education and increasing access to all other aspects of our society. Employment levels among individuals with disabilities remain unacceptably low even though evidence suggests that, with a well-designed plan for an inclusive workforce, employers suffer no loss in productivity and workers are no less safe. In fact, there is some evidence an inclusive workforce increases the retention rate of employees and the employees with disabilities have lower medical treatment costs (Kaletta et al., 2012). It is time for change. It is time for action. It is time to get serious about opening the doors to employment to the majority of Americans with disabilities, including the new generation who has grown up in a post-ADA world, the wounded warriors returning from Iraq and Afghanistan, and the hundreds of thousands of autistic young people entering the labor force for the first time.

THE STATE OF EMPLOYMENT FOR PEOPLE WITH DISABILITIES

A TENACIOUS PROBLEM

In 1989, when Congress was working on the ADA, it was expected that passing an omnibus civil rights bill outlawing employment discrimination and improving access to transportation, telecommunications and the built environment would have a demonstrable positive impact on employment outcomes for Americans with disabilities. During the period of 1998-2000, with support from the ADA’s Congressional champions, President Clinton created a Presidential Task Force on Employment of Adults with Disabilities. Yet, notwithstanding all of the improvements in access brought by the ADA and all the attention this issue received at the end of the Clinton Administration, there is no evidence that employment outcomes for people with disabilities as a whole have improved since 1990.

Employment outcomes among people with disabilities have been persistently lower than employment outcomes among people without disabilities (Yelin and Trupin 2003; Houtenville et al. 2009). In 1988, when the National Council on Disability (NCD) issued a progress report and Congress was working on the Americans with Disabilities Act, NCD noted that the 1980 Census showed that only 32 percent of working age (16 -64) people with disabilities were working at that time. Although the definition of disability used by the Bureau of Labor Statistics today differs from the definition used by the Census Bureau in 1980, it is interesting to note that, under any definition of disability, we have had great difficulty moving much beyond a 33 percent employment rate for Americans with disabilities in the last three decades.
When looking at current labor force participation – that is, the number of workers employed plus individuals actively seeking work, relative to the working age population as a whole – people with disabilities participate in the workforce at a far lower rate than the general population. In June of 2012, there were 201.4 million individuals of working age in the United States. Of this group, 15.1 million were individuals with disabilities living in the community (BLS, Employment Situation, Table A-6, June 2012). A comparison of workers with disabilities with the working age population overall shows that working age people with disabilities participated in the workforce at a rate less than one half that of the general population.

For comparing people with disabilities to the general adult workforce, here are the most important numbers, from June 2012:

- For working age adults without disabilities, the labor force participation rate was 77.7%.
- For working age people with disabilities, the participation rate was 32.1 percent.

![June 2012 Workforce Participation Rate](chart)

People with disabilities participate in the workforce at a rate far lower than any other group tracked by the U.S. Bureau of Labor Statistics. In June 2012, the comparable (not seasonally adjusted) employment participation rates for working age women (68%), African-Americans (69%), and Latinos (71.9%) were all significantly greater than for those with disabilities (32.1%) (BLS, 2012, The Employment Situation, June 2012). This low level of employment...
participation for people with disabilities means they are the group least able to take advantage of the benefits of work and their capacity to realize the goals of the ADA and IDEA are severely limited because of their lack of employment.

**RECENT TRENDS**

Although all Americans have been harmed by the 2008 recession, workers with disabilities have been affected more dramatically and have been slower to rebound. In July 2008, when the working-age labor force began to shrink, the non-disability labor force comprised over 144 million workers. In December 2010, at the labor market’s nadir, there were just over 141 million workers in the non-disability workforce – a loss of over 3 million workers, or 2.1 percent. During that same period the working-age disability labor force fell from about 5.5 million to under 5 million – a loss of nearly 600,000 workers, or 10.4 percent. In other words, workers with disabilities left the labor force during the great recession at a rate five times faster than workers without disabilities. (BLS, 2012, The Employment Situation, Table A-6).

Workers with disabilities have not yet recovered from the losses experienced during the recession. Even as the economy begins to rebound, workers with disabilities have been slow to see any improvement. In the last year, the number of American workers without disabilities participating in the labor force grew by almost 3 million workers, whereas the number of workers with disabilities declined by 94,000 workers. (BLS, 2012, The Employment Situation, Table A-6, May 2012; cf. May 2011).

Thus the recession that began in 2008 has disproportionately impacted workers with disabilities, and the positive economic growth in recent months has not yet turned around the precipitous decline in disability employment that began in September of 2008. Whether through lack of opportunity, discrimination, lack of education or other barriers, this group of U.S. citizens now participates in the workforce at less than one-third the rate of the general population, and workers with disabilities have dropped out of the labor force at a much higher rate during the great recession. For the short-term, I have set a goal to increase the number of people with disabilities in the labor force to six million by 2015. For the long term, I believe the goal should be equality. Americans with disabilities should have an opportunity to participate in the labor force on a level playing field with other Americans, and should not be disproportionately outside the labor force.

The bottom line is that we have no evidence that workers with disabilities have benefitted from our economy’s slow recovery from recession, and we have no reason to believe that they will
benefit from ongoing growth unless we make this neglected workforce a higher priority in our recovery efforts. Let me state this as definitively as possible: the labor force numbers for people with disabilities are unacceptable. Too few work, too few are employed on a full-time basis and too few earn a decent living as a result. This is a potential workforce that has been undervalued and untapped for too long. As we address the problem of unemployment in our country’s workforce, until we include people with disabilities in the solutions, we will always have unfinished business.

**UNDEREMPLOYMENT**

In addition to participating in the workforce at a much lower rate than persons without disabilities, people with disabilities are more often underemployed than people without disabilities.

For example, when people with disabilities are employed, they are far more likely than their non-disabled peers to be employed part-time (BLS, 2011, Persons with a Disability: Labor Force Characteristics 2010). In 2010, 32 percent of workers with disabilities were employed part-time, compared to 19 percent of their non-disabled peers (BLS, 2011, Table 2). Also, despite similar education, those people with disabilities who are working earn less on average than workers without disabilities. In 2010, the median annual earnings for workers with disabilities ages 16 and older was $19,500. For workers without disabilities that year the median annual earnings was $29,997. **The median earnings for workers with disabilities is less than two thirds the median wages for workers without disabilities** (Disability Statistics & Demographics Rehabilitation Research and Training Center, 2011).

**DESIRE TO WORK**

Although it can be difficult to measure the desire to work, independent surveys of people with disabilities indicate a high desire to be in the workforce. In 2003, 2005 and 2007, researchers found that among those individuals with disabilities who are not participating in the workforce, 80 percent say they wish to work (Kruse & Schur, 2003; Schur, Kruse & Blanck, 2005; Wagner, Newman, Cameto, Levine & Marder, 2007). These findings of widespread desire to work can be contrasted with findings from the Bureau of Labor Statistics based on surveys of people (both the general public and individuals with disabilities) who are not working and not looking for work, which generally report dramatically lower interest in returning to work.¹ My belief is that it is

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¹ Studies vary on the amount that both the general population and people with disabilities desire to work. Official Bureau of Labor Statistics findings indicate that in 2011, of those not in the workforce who did not have a disability,
natural for adults with disabilities to want to work, to earn a living, and to contribute to their families and their communities. It is also natural that, after a long period of not working, people begin to lose interest in finding a job and stop believing that employment is possible for them. The Schur findings seem to reinforce the first point, while the BLS findings may be evidence of the latter. I believe that if we provide assistance when youth with disabilities are transitioning from school to adulthood and when adults are adjusting to a newly acquired disability, we can cultivate their inherent desire to work and achieve better outcomes than if we wait until they have been outside the labor force for a significant period of time.

**POVERTY AND DISABILITY**

Individuals with disabilities also experience a disproportionate level of poverty because of their low employment participation and earnings rates, their underemployment and the low levels of federal disability cash benefits. In 2010, the poverty rate for working age adults with disabilities in the U.S. was 27.3 percent. The poverty rate for working age adults without disabilities was 12.8 percent.

Federal benefits are generally insufficient to alleviate poverty among individuals with disabilities. In November 2011, the average monthly payment to SSI recipients was $501/month. The average monthly payment to SSDI beneficiaries was $1,068 per month. Both payments are below the poverty level for a family of two. Compared to individuals 18-64 years of age without a disability, people with disabilities are more than twice as likely to be living in poverty (Disability Statistics & Demographics Rehabilitation Research and Training Center, 2011). For individuals receiving federal disability benefits, the poverty rates are typically higher than for other individuals with disabilities. In 2008, the poverty rate for people receiving SSDI benefits only was 31 percent. The poverty rate for people receiving SSI benefits was 72 percent (Disability Statistics & Demographics Rehabilitation Research and Training Center, 2011, Livermore, 2009).

While these rates of poverty are significantly higher than the general population, two additional characteristics about disability and poverty are important to understand. Individuals with disabilities experience poverty at a more intense level and remain in poverty for longer periods. Only 12% indicated they had a desire to work. For people with a disability during 2011 the percentage saying they wanted to work was 4.7% (BLS, 2011, Persons not in the Workforce Desire for Work).

Despite their educational foundation, despite their desire to work, despite their abilities and skills, far too many people with disabilities in our country today are suffering because they have not, in most cases, achieved success in the labor market.
of time than other low-income populations. Many people with disabilities, because of increased expenses associated with their disabilities, are significantly more likely to experience material hardships associated with their poverty than adults without disabilities who are living in poverty. These materials hardships include not being able to meet their monthly expenses, not being able to pay for medical care when needed and having to skip meals due to lack of funds. Those same adults with disabilities living in poverty are significantly more likely to remain in poverty for longer periods of time than those without disabilities (Livermore, 2006, 2009).

The United States is a notable outlier when it comes to poverty rates for people with disabilities. The U.S. has a higher income poverty rate for people with disabilities (using a standardized measure set at 60 percent of median adjusted disposable income and adjusted for price differences) than any other western nation, including Australia and Canada (Organization for Economic Cooperation and Development, 2009).

In America today, being a person with a disability greatly increases the likelihood of being jobless or underemployed. The likelihood of living in poverty and remaining in poverty for an adult with a disability is significantly greater than it is for a person without a disability. Despite their educational foundation, despite their desire to work, despite their abilities and skills, far too many people with disabilities in our country today are suffering because they have not, in most cases, achieved success in the labor market. Our support programs and the level of benefits often trap people with disabilities in a system that discourages and often punishes their efforts to work, ensnaring them in life-long poverty. We must break this cycle by enabling more Americans with disabilities to gain the education, training, services, and employment opportunities they need to become and stay employed, earn a living and be full participants in our society.

STATE VARIATION AND LABOR MARKET TRENDS

Although the nation’s unemployment rate has been in the 8 to 10 percent range since 2009, with much higher unemployment for individuals with disabilities, some localities have done a good job of creating opportunities for workers with disabilities even during the economic downturn. The fact that these states have been able to accomplish this suggests that strategies are available to help improve employment for individuals with disabilities. The highest rates of employment participation for people with disabilities in the country are in Wyoming and North Dakota, states with relatively small workforces. For 2010, the most recent state data available indicates North Dakota had a 54.0 percent employment participation rate for working age people with disabilities and Wyoming had a 50.3 percent employment participation rate. In comparison, Kentucky and West Virginia, the states with the lowest participation rates, were at 25.7 percent and 26.5 percent respectively. In states with limited potential employees, such as North Dakota and Wyoming, businesses and state government supports have found ways to marshal all sectors of
the workforce including those with disabilities, in order to meet labor market demands (Houtenville & Ruiz, 2011).

Employers’ demands for workers with certain skills will increase over the next decade. Some estimates indicate there will be a 15 percent employee shortage in trained workers in some sectors by 2017 (Kiernan, 2010). Service industries, telecommunications, software development and health care are all predicted to exceed the available workforce by the end of the decade. Such labor market trends offer a pivotal opportunity for increasing the participation, earnings and economic prosperity of American workers with disabilities in our 21st century workforce and the global economy. This is a once in a lifetime chance to improve the course of our economy and we must seize it now.

Plans to enhance workers’ skills for emerging industries can help increase the workforce participation of workers with disabilities. But any such plans must also account for emerging trends among the population of workers with disabilities. There is an emerging source of workers who have traditionally been absent from the workforce. These include the burgeoning numbers of young adults with autism who are coming of age, an aging workforce that is acquiring disabilities and have a desire to stay in the workforce because of economic challenges, and the hundreds of thousands of veterans returning from the Iraq and Afghanistan wars with physical and trauma disabilities.

While the needs of these potential workers may be challenging, the confluence of these groups of potential workers with disabilities and the needs of employers provides an opportunity to meet marketplace needs while also addressing the chronic problem of unemployment and underemployment of people with disabilities.

**AN UNACCEPTABLE CIRCUMSTANCE CREATES A GOAL**

With all the improvements in education, physical access and our societal recognition of the civil and human rights of our citizens with disabilities, the current level of employment for people with disabilities is unacceptable. Given the general desire of adults with disabilities to work, and the benefits to them and to society as a whole that derive from their employment, it is critical that we address the remaining barriers and increase the employment, participation, earnings and economic security of people with disabilities.

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**I have joined with the U.S. Chamber of Commerce in setting a goal to increase the size of the disability workforce from under five million to six million by 2015. This goal is an important incremental goal that can lead to the ultimate goal of equal employment rates for people with and without disabilities.**
people with disabilities. We must address this tenacious problem and increase the participation rate of people with disabilities in the workforce, for their benefit and for the benefit of the country. I have joined with the U.S. Chamber of Commerce in setting a goal to increase the size of the disability workforce from under five million to six million by 2015. This goal is an important incremental step toward the ultimate goal of equal employment rates for people with and without disabilities.

INCREASING EMPLOYER DEMAND

Supply-side and demand-side strategies can aid in addressing the persistently low participation rate of people with disabilities in the workforce. Increasing opportunities for employment participation takes many forms, starting with the federal government modeling for the nation how to recruit, retain and promote qualified workers with disabilities. This section of the report highlights strategies for increasing opportunities, including leadership from the administration, enforcement of existing laws, private sector initiatives and methods for keeping people who acquire disabilities at work or helping them to return to work.

OBAMA EXECUTIVE ORDER

In July 2010, President Obama issued Executive Order 13548, establishing the goal of hiring 100,000 people with disabilities in the federal workforce by 2015. In addition to re-establishing the goal originally set in the Clinton Administration, the executive order created specific deadlines and requirements of federal agencies to recruit, hire, train and retain workers with disabilities.

Prior to the issuance of Executive Order 13548, the federal employment participation rate for working age people with disabilities was declining. Between Fiscal Years 2000 and 2009, the number of federal workers with “targeted disabilities,” a term of art that refers to individuals with more significant disabilities,2 decreased by over 2,500. This decrease of more than 9 percent is in contrast to a 15 percent increase in the federal workforce over the same period (EEOC Federal Workforce Statistics, 2009).

In contrast, for FY 2011, people with disabilities composed 14.7 percent of newly hired, full-time, permanent federal employees. Almost 19,000 newly hired federal employees had a

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2 The Office of Personnel Management FY2010 and FY2011 reports on disability employment define a significant disability as either total deafness in both ears, blindness that cannot be corrected with eyeglasses, missing one or more extremities, partial paralysis, total paralysis, epilepsy, dwarfism, psychiatric disability or severe intellectual disability (OPM, 2011).
disability, reversing the long-term trend of a shrinking federal workforce with disabilities (Office of Personnel Management, 2012). Additionally, through hiring, retention and reemployment efforts, federal employees with disabilities now represent 11 percent of the overall Federal workforce. In a time of economic austerity and calls for limits on federal spending, this is a positive trend that can serve as an important model for state and local governments and small and large businesses throughout the country.

**FEDERAL CONTRACTING—SECTION 503 OF THE REHABILITATION ACT**

**PROPOSED REGULATIONS**

In December 2011, the U.S. Department of Labor proposed new regulations implementing Section 503 of the Rehabilitation Act that would, if adopted, clarify the obligations of federal contractors to proactively recruit, retain and promote people with disabilities. The proposed regulations from the Department of Labor call for recruitment strategies that would increase the pool of qualified candidates with disabilities for positions, establish a goal that individuals with a disability should make up seven percent of a contractor’s workforce, and propose a possible sub-goal of two percent for workers with a significant disability. The proposed regulations also suggest contractors invest in assistive technology to support the employment of people with disabilities and proactively establish reasonable accommodation strategies to enhance their ability to support employees with disabilities.

Historically, Section 503 of the Rehabilitation Act has lacked vigorous enforcement by the Office of Federal Contract Compliance Programs (OFCCP) compared with requirements of contractors related to hiring and promotion of women and workers from diverse racial and ethnic groups. OFCCP audits routinely request information regarding representation of women and racial and ethnic minorities in different positions, and then compares the representation with the demographic breakdown of people who work in those occupations in the relevant statistical metropolitan area. To the extent that disability has come up in OFCCP audits historically, it has never received the same level of data-driven scrutiny and attention that other issues have received.

The difference in treatment of proactive recruitment requirements for workers with disabilities stemmed historically from the fact that we had much richer data regarding women and minorities than we had for workers with disabilities in different occupations. Thanks to changes that have been implemented by the Bureau of Labor Statistics and the Census Bureau’s American Community Survey in the last 8 years, we now have much better data about the labor force participation of people with disabilities. The new data enables OFCCP to be more rigorous in its approach to enforcement of Section 503.
Federal contractors, for example, have never been asked to report on disability incidence within their workforces or applicant pools, even though they have been required to report on other categories of diversity for years. The issuance of the proposed new regulation has the potential to spur federal contractors, who employ over 20 percent of the U.S. workforce, to expand employment opportunities for people with disabilities. With the approval of new regulations, federal contractors would be held accountable for recruiting, retaining and advancing workers with disabilities in a similar manner to how they are currently held accountable for conducting affirmative action for woman and minorities when it comes to employment.

I look forward to the issuance of a strong final rule later this year, and to working with the federal contractor community and disability community to make sure that the rule is implemented in a manner that produces significant improvements in employment outcomes for people with disabilities in the federal contractor workforce.

**PRIVATE SECTOR INITIATIVES**

The private sector is a critical component to increasing the employment participation rate of people with disabilities. Individual private businesses have shown that, by focusing a concerted effort on increasing the employment of people with disabilities, they have strengthened their workforces and improved their bottom line. A prime example is Walgreens. As a corporation, Walgreens has developed a plan to make at least ten percent of its workforce people with disabilities. This effort has strengthened Walgreens and improved the company’s business performance.

A recently-released survey of 662 human resource staff in businesses in manufacturing, finance, retail sales, entertainment, utilities and construction sectors reported most companies are working to recruit and hire people with disabilities. The results showed almost two thirds of the companies answering the survey include disabilities in their diversity recruitment plans and train staff to interview people with disabilities. The results also indicated that 57 percent of the representatives of the companies said they have relationships with local groups, such as offices of vocational rehabilitation, to promote the employment of people with disabilities (Employment and Disability Institute, 2012).

Hiring initiatives like those reported by the Employment and Disability Institute or the one implemented recently by Walgreens are not the only way to boost disability employment. Particularly with an aging workforce, the steps that companies employ to help their employees stay at work after the onset of a disability are also critically important. Many companies have implemented programs to retain and re-engage members of their workforce who have acquired disabilities and in the process avoid incurring costs associated with recruitment and training of a new employee.
Finally, the private sector is the incubator for entrepreneurship. For people with disabilities, launching a business is also a way to join the workforce.

**Distribution Center Hiring and Business Results**

With strong leadership from Walgreens, many companies are developing and implementing initiatives designed to hire people with disabilities to work in distribution centers. Walgreens, the country’s largest drug store chain with over 7,000 stores nationwide, developed a plan to recruit a diverse workforce made up of at least 20 percent workers with disabilities in two of its distribution centers. In its Windsor, Connecticut site, employing over 400 employees, over 50 percent of those employees have a disability, including individuals with seizure disorders, autism, hearing impairments, visual impairments, cerebral palsy, intellectual disabilities and mental health disabilities.

According to Randy Lewis, Walgreen’s Senior Vice President for Distribution, inclusion of employees with disabilities has made the company both a better place for all employees to work and a stronger company. “Broadening our workforce by employing people with disabilities is not only the right thing to do, but it also makes good business sense and has benefits that reverberate across our company and culture,” Lewis said during the March 2, 2011 HELP Committee hearing on employing individuals with intellectual disabilities. In data analyzed in December 2011, Walgreens’ two distribution centers with large disability workforces in Connecticut and South Carolina, in comparison to all other distribution centers in the company, had a 40 percent lower safety incident rate, 67 percent lower medical treatment costs, 63 percent lower employee time away from work due to accidents, and 78 percent lower overall costs associated with accidents. In addition to the health and safety benefits, the turnover rate of employees was half that of the rest of the company (Russell, 2012).

The positive outcomes of this model have resulted in Walgreens making the decision to expand their disability hiring goals to their corporate headquarters and each of their retail stores. Without specifying a particular timeline, corporate leaders aspire to a goal of 10 percent people with disabilities in their overall workforce, from distribution centers to corporate headquarters to retail outlets. Equally important, a number of companies have launched their own distribution center hiring initiatives, inspired in part by the Walgreens model. These include Lowes, Best Buy, AT&T, and others.

**Private Disability Insurance and Disability Management on the Job**

A significant number of working-age adults develop disabilities while in the workforce. The Social Security Administration has estimated that a 20-year-old today has a 25 percent chance of experiencing a disability before reaching retirement. Increasing the likelihood of returning to
work after an illness or accident, even if the accident has resulted in a chronic or permanent disability is in the interest of all parties. Many companies have initiated efforts to support workers in returning to work after an illness or accident that may have, in the past, been described as incompatible with work. A coordinated approach involving the worker, his or her physicians, the employer, and, where applicable, the disability insurer, has been successful in both increasing the number of employees returning to work and decreasing the number of days out of work. This approach benefits all sectors of society, the individual, the employer, the employee’s family, and the demand on government services.

When an employee acquires a disability, the timing of interventions designed to keep him or her connected to the workforce makes a big difference. Individuals out of work for six months are 50 percent less likely to return to work, and the likelihood of a return to productivity decreases by another 25 percent as the leave approaches one year (Bose, 2008). Another research study found that the most significant predictor of time away from work for musculoskeletal disorders was the time between the injury and the intervention, not the level of severity of the impairment (Lydell, Grahn, Mansson, Baigi, & Marklund, 2009). As a result, the private sector has found early intervention strategies to be effective in the effort to mitigate the impact of disability on both the organization and the individual. These early intervention strategies include transitional return-to-work or stay-at-work strategies that are directed at transitioning a worker from a no-work status to one where the worker is fully able to resume his or her previous job duties. The goal is to place the employee in a position or set of productive tasks within his own position as soon as the worker receives a partial release to begin the process of returning to work. This transitional arrangement will incrementally progress as the individual continues to gain functional capacity, with the ultimate goal of them returning to the workforce at a level and capacity comparable to their position before the onset of their disability.

A hospital in Indiana implemented a transitional return to work program in partnership with their disability insurance provider because the hospital was experiencing almost double the expected long-term disability claims. The hospital worked closely with the provider and developed a set of possible job modifications to shorten or eliminate time away from work due to disability. Special attention was paid to task modifications related to patient care. In addition to the identification of the job modifications, the hospital implemented an early intervention strategy in which the vocational consultant reached out to the physician immediately regarding the specifics of the program so that discussions about return to work were able to begin during the initial office visits. A vocational consultant continued case management with employees throughout the length of their disability claims. The case manager also ensured there was regular communication between the employees, employers and physicians in an effort to prepare everyone for the employees’ return to work. As result of the transitional return to work program, this hospital was able to reduce the length of time away from work due to a disability by 7 days.
within the first 6 months of the program as well as reduce their long term claims by 79 percent within one year (Unum, 2012).

The economic downturn of 2008 has had the impact of displacing millions of American workers who lack the skills and support they need to succeed in the workforce. As the country works to provide training and supports to this diverse population, it is critical that we simultaneously include programs and strategies to address the support needs of workers with significant disabilities who are at risk of leaving the labor force. As Chair of the HELP Committee, I plan to pursue bipartisan approaches that can create stronger incentives for employers to design and implement stay-at-work and return-to-work strategies that maximize the ability of employees to remain in the workforce after the onset of a disability.

**Self Employment/Customized Employment**

According to the BLS, people with disabilities are significantly more likely to be self-employed than their non-disabled counterparts. In 2010, approximately eleven percent of workers with disabilities were self-employed, compared to only seven percent of workers without disabilities (BLS, 2010). Self-employment is one employment strategy that can lead to significantly higher average earnings and otherwise result in more positive employment outcomes. When traditional employment is not a viable option or is difficult to obtain, many people with disabilities have successfully utilized business ownership and self-employment instead.

People with disabilities can obtain assistance in becoming self-employed through the vocational rehabilitation (VR) system, which consists of training and job-counseling services operated by states but funded in part by the federal government. Such assistance is part of the VR scope of services and self-employment is an appropriate employment outcome as specified within Sections 7(11)(C) and 103(a)(13) of the Rehabilitation Act of 1973, as amended (P.L. 105-220) (Revell et al., 2009). Rural states tend to have higher percentages of VR clients obtaining self-employment (Revell et al., 2009). In FY 2007, the national average weekly earnings for participants of VR programs who were self-employed was 13 percent higher than the average weekly earnings of all other VR participants (Revell, Smith & Inge, 2009, 13).

In order to give business owners with disabilities the opportunity to compete and be successful in the marketplace, I plan to introduce bipartisan legislation later in this Congress that will expand opportunities for disability-owned businesses to compete effectively for contracts with government entities and private sector companies.
BUILDING THE PIPELINE: INCREASING KNOWLEDGE, SKILLS, AND EXPERIENCE IN THE DISABILITY WORKFORCE

In addition to the efforts to build the demand for employees with disabilities through private sector initiatives, return-to-work efforts and support for entrepreneurship, there are also a number of initiatives to build the human capital of would-be workers with disabilities so that they can be competitive for the jobs that are currently available and will be available in the coming years.

**IMPACT OF EDUCATION ON EMPLOYMENT FOR PEOPLE WITH DISABILITIES**

Individuals with and without disabilities graduating from high school today have been educated with the policies of the ADA in place and the services of the Individuals with Disabilities Education Act (IDEA). This “ADA generation” is the workforce of the future and is more oriented towards inclusion, acceptance and high expectation of people with disabilities. This generational viewpoint is also carried by individuals with disabilities who were born after the enactment of the ADA and who have expectations to pursue full employment alongside their non-disabled peers.

The benefits of services and supports provided to students with disabilities under IDEA can be seen in longitudinal studies of the post-secondary outcomes for students with disabilities. The National Center for Special Education Research at the United States Department of Education found that over the past 15 years, the rates of students with disabilities continuing their education after high school increased by 20 percent (Newman, Wagner, Cameto, Knokey & Shaver, 2010, Executive Summary).

As has been recently reported, post-secondary education directly translates into higher pay and lower unemployment. According to the BLS, in 2011 the median weekly earnings for a person with a high school diploma were $610 per week compared to $1,016 for a person with a bachelor’s degree (BLS, 2011).

It is critical, therefore, to ensure that people with disabilities can take advantage of the benefits that post-secondary education provides. Despite the historical improvements, educational attainment for people with disabilities is generally lower than that of people without disabilities. In 2010, 24.2 percent of people with disabilities age 25 and over had less than a high school diploma, compared to 11.2 percent of their non-disabled counterparts. Just over 15 percent of people with disabilities age 25 and over had earned at least a bachelor’s degree while 32.2 percent of people without disabilities had a college degree or higher (BLS, 2011).
Pursuing post-secondary education has a significant impact on the employment of people with disabilities. In a comprehensive study of deaf individuals, approximately 85 percent of those who obtained a postsecondary degree were employed (Schley, 2010). Postsecondary education is not only significantly correlated with increases in the employment outlook for a person with disabilities it is also significantly correlated with higher lifetime earnings (Schley, 2010). While the experience of people with hearing disabilities may not be typical of all subgroups of people with disabilities, the focus on post-secondary education, whether a two- or four-year degree or a certificate program, clearly has a positive impact on the economic independence of all individuals, including those with disabilities.

To leverage the investments we as a country have made in education of students with disabilities, we need to ensure there is a path from school to the workforce. Whether a student with a disability is ready for work at the end of high school, the end of their IDEA eligibility, or with some post-secondary education; we must ensure opportunities at all stages of career and educational development for students with disabilities to engage in job preparation and search activities.

As Chairman of the HELP Committee, I plan to pursue bi-partisan approaches to addressing this critical need. Transition activities such as internships, part-time jobs, job shadowing, and interviewing and job skill development are needed to help students transition to the workforce. We will work to create the incentives and gather the resources to make these and other evidence-based transition practices possible for students with disabilities.

**WORKFORCE DEVELOPMENT ACTIVITIES**

Another federal effort, the broad-based workforce development programs authorized under the Workforce Investment Act, particularly the One-Stop system, can play an important role in connecting individuals with disabilities with employment opportunities. One-Stop systems are the local conduits for delivering and coordinating employment services for all individuals who are seeking work. The One-Stop system provide services such as labor market information, skills assessment, job search assistance and training. However, individuals with disabilities have not always been full participants in the One-Stop system, sometimes encountering accessibility or attitudinal barriers. (See the December 2004 GAO report, “Labor Has Taken Several Actions to Facilitate Access to One-Stop Services for Persons with Disabilities, but These Efforts May Not Be Sufficient.”) Since some individuals with disabilities will seek employment services at their local One-Stop, either by choice or due to the fiscal limitations of the Vocational Rehabilitation program, it is critical that these physical, technology, or other barriers be eliminated as soon as possible.

In my role as Chairman of the Senate Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies, I supported funding to the Office of
Disability Employment Policy and the Employment Training Administration to allow them to identify and remove the barriers at One-Stop locations. Funding was provided in the FY 2010, 2011 and 2012 budgets to eliminate physical barriers to One-Stop locations and to enhance the overall participation of people with disabilities in the One-Stop network. This ongoing effort is critical and has the potential to make the One-Stop network a much more effective partner in helping connect people with disabilities with training and employment opportunities.

**STATE VOCATIONAL REHABILITATION PROGRAMS**

As people with disabilities are leaving PK-12 education, the State Vocational Rehabilitation programs provide critical employment services to thousands of individuals with disabilities. These services include providing necessary support services and technology, providing financial support for post-secondary education and training programs, and matching individuals with employment opportunities commensurate with their skills and interests. Equally important, Vocational Rehabilitation programs have developed and use a number of strategies that can significantly increase successful employment outcomes for individuals with disabilities. These model strategies include:

- Creating high expectations for individuals with disabilities, which can not only increase the confidence and self-sufficiency of such individuals, but also lead to enhanced employment opportunities and upward mobility in the workforce, consistent with the goals of the Americans with Disabilities Act;

- Providing introductory work opportunities for individuals with disabilities, including paid and unpaid internships, youth work experience, practicum experiences and service learning opportunities; such experiences are often the catalyst for a successful employment outcome, particularly for individuals with significant disabilities;

- Focusing on emerging workforce needs of the public and private business sectors, including building partnerships and workforce preparation pipelines, and encouraging students with disabilities to pursue post-secondary career and technical programs in these high-growth employment fields (which currently include health care, manufacturing, information technology, and others); and

- Sharing success stories that highlight the abilities of workers with disabilities and the essential role of business in creating career opportunities, as a way to encourage greater commitment by businesses to hiring qualified individuals with disabilities.

As we’ve seen, while the overall employment participation for working age people with disabilities has remained stagnant for the past two decades, there are pockets of excellence throughout the country, often as a result of creative efforts of local or state Vocational Rehabilitation programs. In addition to those states with high employment participation such as
North Dakota and Wyoming, some states and localities have been very successful in increasing employment of people with disabilities.

Wisconsin has implemented a highly successful on-the-job training initiative in the public and private sectors with an 83 percent success rate of placement and retention of people with disabilities in competitive employment. Through the initiative, in less than two years, over 1,000 individuals with disabilities have been hired through the on-the-job training program. This initiative has been coordinated by the Division of Vocational Rehabilitation and has engaged 15 state agencies using existing resources to increase positive outcomes for employment of people with disabilities (Wisconsin Department of Vocational Rehabilitation, 2012).

Other states, such as Utah, have moved to create innovative programs to increase the employment of people with disabilities. In 2009, Governor Gary Herbert issued a declaration highlighting the untapped workforce in Utah of people with disabilities. The Governor then instituted a set of programs designed to increase employer demand and to increase the availability of skilled and supported workers with disabilities. The “Work Ability Utah” program links people with disabilities who want to work with potential employers. The program also provides job training activities for people with disabilities, promotes development of supported employment coaches, and provides employers with supports to create adaptations and accommodations for workers with disabilities. Utah has also implemented a special hiring authority for state government modeled after the Federal government’s Schedule A hiring authority, where qualified workers with significant disabilities can be hired quickly without having to go through the typical cumbersome and lengthy government hiring process.

Likewise, in 2009 Massachusetts Governor Deval Patrick implemented a plan to expand both public and private sector disability opportunities in his state. Public sector components of this initiative included strategies for hiring, retention, and promotion of state employees with disabilities, along with the establishment of a special fund (the Reasonable Accommodations Capital Reserve Account) to help pay for workplace accommodations for state employees. Since the launch of these efforts, Massachusetts has reported a 65 percent increase in the percentage of state employees who self-identify as people with disabilities (HELP Committee correspondence with Massachusetts Governor’s office, June 2012).

Sources of good jobs for workers with disabilities, like the Obama Administration’s federal sector hiring initiative, increased demand from federal contractors, and greater leadership from the business community more broadly, are for naught if our education system fails to develop and train the workforce to fill these jobs. And so it will be critical that State vocational rehabilitation programs and the Rehabilitation Services Administration step up and find ways...
engage other partners so that the workforce development system can meet the increased demand for qualified workers with disabilities.

**EMPLOYMENT FIRST**

A number of states have developed a new model of promoting competitive, integrated employment as the expected outcome for people with the most significant disabilities, with an emphasis on youth and young adults. “Employment First” is a policy, now adopted by several states, with the guiding principle that all youth with disabilities, upon completion of their eligibility for IDEA services, and in some cases prior to the completion of the eligibility for those services, will work in competitive, integrated employment. The policy assumption is that all individuals with disabilities, despite the level of severity of their disability, should be provided with support, training, and opportunities to work within the general labor force.

States in this program have integrated this policy across their programs supporting individuals with disabilities, including their Vocational Rehabilitation services, their developmental disabilities services, their Department of Labor programs, and their Department of Education programs. The coordination of this unifying principle has increased employment of youth within the states adopting the policy.

The states of California, Iowa, Minnesota, Washington, North Dakota, and Rhode Island have aggressive Employment First policies designed to engage youth in internships, part-time work, volunteer work, and community service work. The combination of schools, advocacy groups, and state government agencies, including the state Developmental Disability and state Vocational Rehabilitation agencies, have created environments where the expectation is youth with disabilities will be provided with opportunities to explore work and develop specific workplace skills, will be supported in competitive integrated employment settings and will be expected to work when they have left school.

The case of King County, Washington and its implementation of this policy is an example of the change that can take place in employment of people with disabilities. In 2005 the percentage of youth with disabilities employed two years after leaving school was six percent. In five years, with a focus on an Employment First policy and a change in the approach to transition from school to employment by the local public schools, and the state VR and DD agencies and the county workforce offices, 56 percent of youth with disabilities were employed. States using an Employment First perspective have seen significant growth in the employment of people with disabilities (Washington State Division of Developmental Disabilities, 2011).
NATIONAL GOVERNORS ASSOCIATION INITIATIVE

Under the leadership of current chair, Governor Jack Markell, the National Governors Association (NGA) will spend the coming year focusing on improving employment opportunities for people with disabilities. The initiative will target the roles states and businesses can play in facilitating both employment options and mentoring youth with disabilities to be ready to enter integrated, competitive employment when they finish school or return from military service. The NGA recognizes that businesses with strong disability employment programs often are stronger businesses overall and are more likely to be profitable because of better employee retention, lower safety related costs and lower missed work day costs. Governor Markell’s initiative will encourage state governments to identify business partners to develop specific plans for their states to hire and retain people with disabilities within each state’s potential workforce. With the goal of educating both the private and public sector about the business benefits of recruiting, retaining and promoting people with disabilities in the workforce, this initiative is another example of the forces converging around disability employment.3

SCHOOL TO WORK MODELS

For students eligible for special education services, state educational supports and services may be available through the student’s 22nd birthday. The last three-to-four years of service eligibility create an opportunity to increase the skills of youth with disabilities and to provide them with extensive work experience so they are ready for participation in the workforce.

The current use of these three-to-four years of extended schooling for students with disabilities continues to be academically based and is often delivered in high school or even middle school settings. These additional years of educational services for students with disabilities can be years of great opportunity to provide internships, employee skills instruction, on-the-job training, part-time work experiences, and job coaching. The Employment First states mentioned above are demonstrating how to make better use of these transition years to maximize the likelihood that students will be ready for competitive, integrated employment when they turn 22.

This three-to-four year window is also an opportunity for local school districts, state Vocational Rehabilitation services, and employers to collaborate and meet the pipeline needs of employers. Local businesses can collaborate with local school districts to identify workforce needs and provide internships and coop placements for students with disabilities. Vocational Rehabilitation services and state developmental disabilities services can assist employers in identifying and

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3 Details about Governor Markell’s disability employment initiative can be found at: http://www.nga.org/cms/home/news-room/news-releases/page_2012/col2-content/new-nga-chair-announces-year-long.html.
acquiring necessary assistive technology and coaching/support strategies to increase the likelihood of a successful employment outcome for students with disabilities. This model is a student-employer based model that takes into account the skills and preferences of the student worker as well as the needs of the employer.

Moving from an academically-based model to an employment acquisition-based model for the final years of IDEA eligibility for students with disabilities can greatly increase the likelihood of employment participation at the conclusion of the student’s high school career (Blackorby & Wagner, 1996, Colley & Jamison, 1998, Luecking & Rabian, 2000, and Rogan, 1997).

**REFORMING CENTER-BASED EMPLOYMENT MODELS**

The Employment First initiative has been a way for states to address the pressing need to help youth transition from school to competitive, integrated employment. A remaining concern in the employment of people with disabilities has been center-based, sub-minimum wage employment. Center-based employment for people with disabilities are jobs in self-contained settings working primarily only with other people with disabilities. Under Section 14(c) of the Fair Labor Standards Act (FLSA), employers can apply to the Department of Labor to obtain a certificate that allows them to pay people with disabilities below minimum wage, at a rate that represents their production or output in comparison to an employee without a disability. In many cases, the rate of pay for individuals with disabilities can be as low as 50 cents per hour.

Originally designed as a program to employ individuals with severe disabilities in an era when assistive technology, supported employment, and job coaching were not available, the “sheltered workshop” or center-based, segregated employment continues to be a major player in the disability employment continuum. It is estimated that possibly 40 percent of people with significant disabilities currently work in center-based, sub-minimum wage programs (Cimera, 2008). While there are benefits to the individual, high reliance on such programs is not as beneficial as participation in competitive, integrated employment. As has been documented by Robert Cimera of Kent State University, the benefits to individuals working in competitive, integrated employment are far greater than those working in center-based employment. Individuals working in competitive, integrated employment earn more money, develop greater skills, have a larger circle of friends, and are generally more satisfied with their lives (Cimera, 2010, 2011). In addition to the benefits to the individuals with disabilities, the cost of supporting individuals with disabilities in competitive employment in comparison to the cost of supporting them in center-based employment is significantly less (Cimera, 2010).

These findings indicate two important policy needs. One is to ensure that youth with disabilities, as they transition from school to the workforce, have the skills, opportunities and supports necessary for them to succeed in competitive, integrated employment settings. This long-term
investment in youth will greatly increase the likelihood they will have more positive employment outcomes and be able to benefit from the positive aspects of competitive employment.

The second policy need is to address the needs and quality of life of people with disabilities who have been long-term participants in center-based employment. While center-based employment has often been cited as a way to prepare individuals for competitive, integrated employment, it is not clear that the typical worker in a center-based setting is in fact gaining skills that will lead to competitive employment. In Cimera’s work examining center-based employment as a mechanism for preparing individuals for competitive, integrated employment, he found that few individuals moved from center-based employment and when they did, they were generally less successful than those with similar disabilities who received supported employment services and did not have center-based experiences (Cimera, 2011).

It is time to expand the “Employment First” approach beyond the current group of 12 states, and ensure that workers in center-based settings have opportunities for upward mobility. Likewise, it is critical that young people be given opportunities in competitive, integrated employment as they are beginning their adult lives and still trying to determine what is possible for them in the world of work.

**THE NEED FOR ALIGNMENT OF FEDERAL SPENDING WITH THE GOALS OF THE ADA**

Over the years, government programs have been established and developed to assist people with disabilities who cannot work or who cannot engage in substantial gainful employment activity. These include income-support programs such as Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) and their corresponding health care programs, Medicare and Medicaid. At the same time, the government funds programs like Vocational Rehabilitation that are designed to help individuals with disabilities build their human capital and achieve success in the labor force. As we invest in our workforce, it is critical that we realize that funding these latter training and workforce integration programs will decrease dependency and lead to greater savings in programs like SSDI and SSI, as individuals with disabilities become self-sufficient workers.
A significant amount of federal funding provides supports and services to the working-age population with disabilities. In 2008, nearly 12 percent of all federal spending, and a large amount of state funds, supported this population (Stapleton & Livermore, 2011). Working-age people with disabilities receive support in the form of income maintenance programs (e.g. SSDI, SSI), health care programs (e.g. Medicare and Medicaid), housing, food assistance, education, training and employment services (Stapleton & Livermore, 2011). As a share of gross domestic product, federal disability expenditures grew by 56.3 percent between 2002 and 2008 (Stapleton & Livermore, 2011). This spending increase reflects both a growing need and the country’s commitment to support people with disabilities. This increase in expenditures has not been matched with a corresponding growth in employment rates for people with disabilities. To the extent that our largest programs are designed to support people with disabilities outside the labor force, it is important to examine how these programs can be better aligned with the vision and goals of the ADA: “equality of opportunity, full participation, independent living and economic self-sufficiency.” (See, e.g., Stapleton & Livermore, 2011).

Based on evaluations of work incentive programs, an estimated 40 percent of Social Security beneficiaries are interested in working (Livermore, 2011). Beneficiaries with longer and more recent work histories and higher earnings were more likely to be interested in returning to work (Livermore, 2011). Livermore found the longer the beneficiary had been receiving Social Security benefits, the less likely they were interested in returning to work. Conversely, the more education a beneficiary had attained, the more likely they were to be interested in working (Livermore, 2011). These statistics point to the need to take proactive steps to integrate individuals with disabilities into the workplace, through education and early-age work programs.

“Part of the problem, I believe, is rooted in the fact that these well-intentioned systems, designed decades ago, were created with little expectation that Americans with disabilities would ever be anything more than recipients of care, that they could not, in fact, become contributors to our economy, our tax base, and our communities.”

– Tom Ridge, Chairman, National Organization on Disability
Although incremental changes to income support policies have been taken in the past 20 years to better align them with the goals of the ADA, federal spending overall continues to prioritize “taking care of” people with disabilities outside the labor force, instead of modernizing the programs to provide investments and supports that are designed to facilitate labor force participation, increased earning capacity and economic security of these American workers.

I believe that we need to modernize our largest federal programs so that they do not require people to prove they cannot work. We need to modernize these programs so they invest in people with disabilities to help them move into the workforce and to reach their full potential. To lay the foundation for this kind of modernization, I believe we should use the States as a laboratory for innovation, and we should create incentives for States to design more modern approaches and let them test these approaches with the ultimate goal of implementing systems change at the federal level once we have proven results from a series of State pilots. These pilots could give States the flexibility to waive federal rules and test new models that would bring together multiple state agencies and multiple funding streams to maximize employment outcomes for their citizens with disabilities.

Working to implement the Affordable Care Act will create an opportunity for States to integrate children and adults with disabilities and chronic health conditions into the healthcare marketplace, so that they are not forced to participate in Medicaid because it is the only program that meets their needs. The elimination of pre-existing condition exclusions and lifetime caps on benefits have the potential to make private health insurance much more meaningful for Americans with disabilities, helping to address one of the barriers that has kept people from leaving the disability benefit rolls.

“An overall ... approach needs to be adopted in which the initial focus is on assessing what individuals can do and helping them to obtain the support services, both financial and nonfinancial, that are needed to maintain or increase expectations that is a realistic possibility. The determination that an individual cannot work should be the option of last resort, not the first option.”

I am also convinced we need to do a better job at key points in a person’s disability lifecycle to provide the right kinds of interventions and supports that would maximize labor force participation. For children and youth with disabilities, we need to do a better job while they are still in school of exposing them to the world of work and helping them develop skills that will lead to employment success. For people with adult-onset disabilities, we need to learn from successful private sector approaches that have provided timely, flexible interventions after the onset of a disability that keep people connected to the labor force.

**GROWTH IN APPLICATIONS FOR FEDERAL DISABILITY BENEFITS**

Applications for federal disability benefits typically increase during an economic downturn. In the fall of 2008, the U.S experienced its most significant recession since the Great Depression of the 1930s. During the past three-plus years, the federal disability benefit growth shows the flipside of the declining workforce participation rates for adults with disabilities. Between December of 2008 and November of 2011, the number of disabled workers receiving Social Security Disability Insurance (SSDI) benefits increased from 7.4 million to 8.5 million, an increase of almost 14 percent. During the same period, the number of disabled adults ages 18-64 receiving Supplemental Security Income benefits increased from 4.3 million to almost 4.8 million, an increase of more than 11 percent (Social Security Administration, 2008, 2010).

The growth in federal disability benefit expenditures is also linked to growth in federal expenditures for Medicare, which is an accompanying benefit for recipients of SSDI, and federal and state expenditures for Medicaid, which is an accompanying benefit of Supplemental Security Insurance (SSI).

> “Through job shadowing, part time jobs, and internship experiences I gained more confidence in defining my career goals, but more importantly I learned skills to help me work towards these goals. I learned what is expected of an employee and how I can meet those expectations. I have steadily taken on more and more of the responsibilities of living independently as an adult as a result of these work experiences; and I have immense satisfaction in being a valued and contributing member of society.”

—Amelia Wallrich, HELP Committee Witness, July 14, 2011
The Social Security Administration has tried to address these increases. The Ticket to Work Program was created in the late 1990s to expand the universe of service providers and to provide SSI and SSDI beneficiaries with choices beyond the State VR agencies to obtain the services and supports they need to maintain employment. The Ticket program can offer individuals the needed support to prepare for, acquire, and sustain good jobs, good careers and better self-supporting futures. Because the costs of continuing to enroll a person with a disability in SSI and Medicaid is extremely high – one estimate is over $250,000 for a lifetime – efforts to support individuals to work are well worth the time and effort (Williams, 2011). To the extent that the Ticket program can enable a small number of disability beneficiaries to become and remain fully self-supporting through earning a living, to exit the cash benefits programs, and to leave a life of needless poverty behind, the program can pay for itself. In doing this, the program also can create a tipping point of hope and purpose for others to emulate and embrace in their own life.

While the SSA Ticket program has had more than its share of design flaws, challenges, and false starts and stops, as of December, 2011, the program had supported nearly 17,000 disability beneficiaries to gain and maintain employment. SSA estimates that the total savings accruing from these activities are over $100 million (CRS, 2012). Such results are modest, yet they do indicate a significant desire to work within the beneficiary population.

Although the definition of “disability” for purposes of the Social Security disability programs is a narrower definition than the one used by the Census Bureau and the Bureau of Labor Statistics, the population of people with disabilities receiving SSDI and SSI are clearly a growing subset of the population of all adults with disabilities. As was noted when Congress passed the Ticket to Work and Work Incentives Improvements Act in 1999, for the adults with significant disabilities who receive federal disability benefits, a modest increase of one-half of one percent of the beneficiary population leaving the rolls for employment could save the Social Security Trust Fund and the U.S. Treasury over $3.5 billion over the working lives of such individuals. (House Commerce Committee Report, July, 1999). Indeed, in a May 12, 2012 editorial, The Washington Post noted the financial strain on the SSDI system caused by burgeoning enrollment, and called for stronger incentives for businesses to employ people with disabilities (The Washington Post, Editorial, May 12, 2012). Accordingly, if we can find a way to help more Americans with significant disabilities achieve success in the labor force, we have the potential to realize substantial savings in our income support programs.
A TIME FOR ACTION

Although the U.S. has struggled with how best to boost disability employment in the last two decades, I believe we are on the cusp of seeing some real progress on this issue. Private sector leaders such as Walgreens have shown it is possible to employ people with disabilities in a manner that spurs innovation, improves morale, increases productivity, lowers turnover, and improves the company’s bottom line. Innovative government programs like those in Wisconsin and King County, Washington have made significant strides in increasing the participation rate of working age people with disabilities in competitive employment. New policies such as the Employment First policy are providing youth with disabilities with the opportunity to gain the skills necessary to be hired and to be able to retain a job in the competitive, integrated workforce. If we make boosting disability employment a national priority, and expand on the models that are working around the country, we can see some real progress on a critical issue that affects millions of Americans and their families. The recession that began in 2008 took an especially steep toll on employment numbers for adults with disabilities. This decline in disability employment has real costs for individuals, for families, and for society as a whole, and so we must strengthen our efforts to foster recovery. We have an opportunity in 2012 and beyond to address this aspect of the jobs crisis in this country, and we must find ways to spur innovation at the State level so that our public investments in supports and services for Americans with disabilities create the greatest return in employment outcomes and economic well-being for this diverse population.

The Senate Health, Education, Labor and Pensions Committee has held a number of hearings examining the stagnant growth of employment for people with disabilities in the years since the ADA’s enactment, and the significant reduction in workforce participation of people with disabilities that has taken place since the recession of 2008. In 2012 and beyond, the Committee will continue to encourage the efforts of the private sector and support the efforts of States and localities as they use federal, state and local resources to increase the employment participation of people with disabilities, and we will promote policies that will address this overlooked job crisis.

In the Chairman’s role, I will work, in the coming months, to hold additional hearings to determine how best to increase employment participation of Americans with disabilities. The Committee will also work closely with the Executive Branch, including the Department of Labor, the Department of Education, the Department of Justice, the US Equal Employment Opportunity Commission, the Department of Health and Human Services, and the Social Security Administration to encourage collaboration and coordination of programs across agencies in order to obtain better employment outcomes for Americans with disabilities.
Finally, building on the bipartisan successes of laws like the ADA, I plan to introduce a series of bipartisan bills designed to

- improve outcomes in competitive, integrated employment for youth and young adults who are transitioning from school to higher education and work;
- increase contracting opportunities for disability-owned businesses;
- create incentives for States to develop and test innovative initiatives that can lay the foundation for modernizing our largest programs providing income support, health care, and long-term services and supports to our citizens with disabilities; and
- encourage savings and wage support that will help people with disabilities leave poverty and enter the middle class.

On this issue, as on many other issues, America is at a crossroads. Americans with disabilities have a level of access to education, transportation, telecommunications and the built environment that is the envy of the world. Perhaps more than any other developed country, America is poised to open wide the doors to employment and economic well-being for our millions of citizens with disabilities and their families. Our task is to make employment of people with disabilities the national priority that it deserves to be, and marshal the creative leadership of this great nation to address the remaining barriers that continue to keep 2 of 3 Americans with disabilities outside the labor force.

As someone who has been working on this issue for almost four decades in Congress, I am more hopeful today than I have ever been. I know that when we have high expectations for our citizens with disabilities, they achieve things that are hard for many of us to imagine. Working together, we have begun the process of making America a more welcoming, more inclusive, more accessible society. Let’s take the next step and make the ADA’s inclusive vision the rule, not the exception, in every American workplace.

“*The true test of the American Ideal is whether we’re able to recognize our failings and then rise to meet the challenges of our time...[whether] chance of birth or circumstance decides life’s big winners and losers, or whether we build a community where, at the very least, everyone has a chance to work hard, get ahead, and reach their dreams.*”

– Barack Obama, September 25, 2006
Disability Hearings in the U.S. Senate Committee on Health, Education, Labor and Pensions During the 112th Congress

Improving Employment Opportunities for People with Intellectual Disabilities (3/2/2011)

- Lynnae Rutledge, Commissioner, Rehabilitative Services Administration (RSA), U.S. Department of Education, Washington, DC
- Sharon Lewis, Commissioner, Administration on Developmental Disabilities (ADD), U.S. Department of Health and Human Services, Washington, DC
- Joan Evans, Director, Wyoming Department of Workforce Services, Cheyenne, WY
- Randy Lewis, Senior Vice President, Walgreens, Co., Deerfield, IL
- David Egan, Distribution Clerk, Booz Allen Hamilton, Vienna, VA
- William Kiernan, Ph.D., Director, Institute for Community Inclusion, University of Massachusetts, Boston, MA

Lessons from the Field: Learning From What Works for Employment for Persons with Disabilities (7/14/2011)

- The Honorable Kathy Martinez, Assistant Secretary of Labor, Office of Disability Employment Policy, U.S. Department of Labor, Washington, DC
- Governor Tom Ridge, Chairman, National Organization on Disability, Washington, DC
- Deborah Dagit, Vice President and Chief Diversity Officer, Merck, Whitehouse Station, NJ
- Amelia Wallrich, Law Student, Northwestern University, Frankfort, IL

The Future of Employment for People with the Most Significant Disabilities (9/15/2011)

- Ruby Moore, Executive Director, Georgia Advocacy Office, Decatur, GA
- Katy Beh Neas, Senior Vice President, Government Relations, Easter Seals, Office of Public Affairs, Office of Public Affairs, Washington
- Michael Pearson, President, Union Packaging, LLC, Yeadon, PA
- Julie Petty, Past President, Self Advocates Becoming Empowered, Fayetteville, AR
- Deb Pumphrey, Ottumwa, IA
- Janet Samuelson, President and CEO, ServiceSource, Alexandria, VA
- Fredric Schroeder, Former Commissioner, Rehabilitation Services Administration, Department of Education, Interwork Institute, San Diego State University, San Diego, CA
- Jonathan Young, Chair, National Council on Disability, Washington, DC

Leveraging Higher Education to Improve Employment Outcomes for People Who Are Deaf or Hard of Hearing (10/11/2011)

- Dr. Gerard J. Buckley, President, National Technical Institute for the Deaf, Vice President and Dean, Rochester Institute of Technology, Rochester, NY
- Dr. T. Alan Hurwitz, President, Gallaudet University, Washington, DC
- Seth Bravin, Strategic Industries Program Manager, IBM Human Ability & Accessibility Center, Frederick, MD
- Michael J. Ellis, National Director, Sprint Relay, Denver, CO
• Leila Hanaumi, Student, Gallaudet University, Washington, DC

Tales from the Unemployment Line: Barriers Facing the Long-Term Unemployed (12/8/2011)

• Christine Owens, Executive Director, National Employment Law Project, Washington, DC
• Rev. Dr. Marvin Anthony Moss, Senior Pastor, Cascade United Methodist Church, Atlanta, GA
• Donna Stebbins, Phoenix, AZ
• John Meyer, Owner, Office Products Center, Winner, SD


• Eric Buehlmann, J.D., Arlington, VA
• Kenneth Mitchell, Ph.D., Managing Partner, WorkRx Group, Ltd, Worthington, OH
• Christine V. Walters, M.A.S, J.D., S.P.H.R., Sole Proprietor, FiveL Company, Westminster, MD
• Thomas R. Watjen, M.B.A., President & Chief Executive Officer, Unum Group, Chattanooga, TN

Olmstead Enforcement Update: Using the ADA to Promote Community Integration (6/21/2012)

• Thomas Perez, Assistant Attorney General, Civil Rights Division, U.S. Department of Justice, Washington, DC
• Henry Claypool, Principal Deputy Administrator, Administration for Community Living, U.S. Department of Health and Human Services, Washington, DC
• Rita Landgraf, Secretary, Delaware Department of Health and Social Services, New Castle, DE
• Zelia Baugh, Commissioner, Alabama Department of Mental Health, Montgomery, AL
• Ricardo Thornton, Washington, DC
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Cornell University Employment and Disability Institute, Disability Statistics Frequently Asked Questions (Census 2000 eligibility-related questions) [http://www.disabilitystatistics.org/faq.cfm](http://www.disabilitystatistics.org/faq.cfm)


