

Acemoglu and Angrist

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Americans with Disability Act

- Requires that employers accommodate disabled workers
- Outlaws discrimination based on disabilities
- Passed in July 1990, effective July 1992
- Originally applied to firms w/ 25+ employees
- Expanded to 15+ in 1994

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- Enforced by EEOC and courts
- EEOC tries to resolve the dispute, if not, provides ability for plaintiff to sue in court
- Remedies: hiring, back wages, reinstatement, back wages, accommodations, and legal fees (attorney, court costs, expert witness costs)
- Firms can be fined
 - \$50K for <100 employees
 - \$300K for larger employees

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- Motivation:
 - Low labor force participation, employment and earnings of those with disabilities
- From 1992-97
 - 91K ADA claims files w/ EEOC
 - 29% failure to accommodate
 - 9% discrimination at the hiring stage
 - 63% wrongful termination

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Disabilities, 2000 Census

- 9.3 million aged 5+ have sensory disability
- 21.2 million 5+ have disability limiting physical activity
- 12.4 million have physical or emotional disability
- 21.3 million 16-64 have a condition that impacts their ability to work

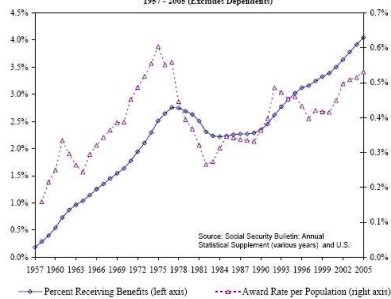
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Employment and earnings People aged 21-64, 2000 Census

- % Employed
 - With disability 56.6% (21% lower)
 - Without 77.2%
- Worked full time/full year
 - With disability 39.3% (31% lower)
 - Without 57.2%
- Median earnings
 - With disability \$28,308 (17% lower)
 - Without \$33,970

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Figure 1. Disability Insurance Reciprocity and Award Rates per Adult Ages 25 - 64, 1987 - 2008 (Excludes Dependents)



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Problem w/ ADA

- Increased cost of hiring people w/ disabilities
 - Accommodations
 - Survey suggests \$930/worker
 - Increased chance of suit if discharged
 - Average award is \$167,000
 - Costs to mount a defense averages \$40,000
- May discourage hiring those w/ disabilities

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Data

- March CPS
- Asks all participants employment/income data for the previous year
 - Earnings, weeks worked, usual hours/week
- Data from 1988-1997 March CPS
 - Data for calendar years 1987-1996
- Men and women, aged 21-58
- Generate results for various subsamples

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Key question in CPS

- “Does [respondent] have a health problem or a disability which prevents him/her from working or which limits the kind or amount of work he/she can do?”
- Disability is self reported

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	1988		1996	
	Disabled (1)	Nondisabled (2)	Disabled (9)	Nondisabled (10)
Age	31.1	29.9	32.0	30.4
White	.82	.86	.75	.83
Post-high school	.27	.48	.33	.53
Working	.42	.88	.35	.88
Weeks worked	20.4	45.1	17.4	45.1
Weekly wage	358.0	446.9	294.1	421.5
SSI or DI	.29	.004	.37	.004
Observations	1,059	21,532	770	16,492

Males, aged 21-39

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Difference in Difference Employed

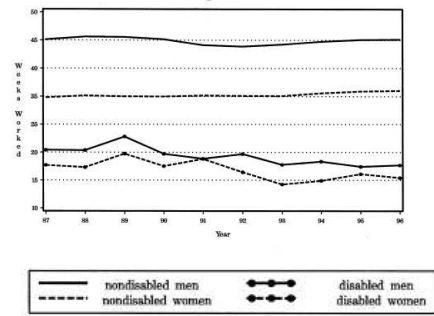
	1988	1996	Difference
Disabled	0.42	0.35	-0.07
Not	0.88	0.88	0.00
Difference			-0.07

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Difference in Difference Weekly earnings

	1988	1995	Difference
Disabled	\$358	\$294	-\$64
Not	\$447	\$422	-\$5
Difference			-\$59

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Econometric model

- Difference in difference
- Have data before/after law goes into effect
- Treated group – disabled
- Control – non-disabled
- Treatment variable is interaction
 - Disabled * 1992 and after

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- $Y_{it} = X_{it}\pi + D_i\delta + \text{Year}_t\gamma_t + \text{Year}_t D_{it}\alpha_t + \varepsilon_{it}$
- Y_{it} = labor market outcome, person i year t
- X_{it} vector of individual characteristics
- $D_{it} = 1$ if disabled
- $\text{Year}_t =$ year effect
- $\text{Year}_t D_{it} =$ complete set of year x disability interactions

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- Coef on α_i 's should be zero before the law
- May be non zero for years ≥ 1992

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Men, 21-39, Table 2
Weeks worked

EFFECT	DEPENDENT VARIABLE	
	Men	
	(1)	(2)
Disability × 1988	-.41 (.71)	
Disability × 1989	2.00 (.71)	
Disability × 1990	-.79 (.71)	
Disability × 1991	-.53 (.70)	-.70 (.78)
Disability × 1992	.57 (.69)	.40 (.95)
Disability × 1993	-1.44 (.69)	-1.61 (1.14)
Disability × 1994	-1.63 (.70)	-1.80 (1.35)
Disability × 1995	-2.93 (.72)	-3.09 (1.56)
Disability × 1996	-2.68 (.70)	-2.84 (1.77)
Disability × linear trend		-.004 (.22)
Observations	193,317	193,317

ADA not in effect

Effective years of ADA

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Men, 21-39, Table 2
Log earnings

EFFECT	Men	
	(5)	
	21-30	
Disability × 1988	-.052 (.044)	
Disability × 1989	-.062 (.043)	
Disability × 1990	-.035 (.044)	
Disability × 1991	-.020 (.043)	
Disability × 1992	-.007 (.043)	
Disability × 1993	-.04 (.044)	
Disability × 1994	-.143 (.044)	
Disability × 1995	-.098 (.046)	
Disability × 1996	-.158 (.044)	
Disability × linear trend		
Observations	167,974	

ADA not in effect

Effective years of ADA

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