

# **Federal Expenditures for Working-Age People with Disabilities in Fiscal Year 2008**

**Gina Livermore, David Stapleton, and Meghan O'Toole**

**Rehabilitation Research and Training Center on  
Disability Statistics and Demographics  
State of the Science Conference**

**April 23, 2012**

---

**MATHEMATICA**  
**Policy Research**

---

Center for  
**STUDYING**   
**DISABILITY POLICY**

---

# Sponsorship

---

- **Study funded by the U.S. Department of Education, National Institute on Disability and Rehabilitation Research**
  - **Rehabilitation Research and Training Center on Disability Statistics and Demographics grant to Hunter College**

# Purpose of Study

---

- **Estimate total amount spent by federal programs on working-age (age 18–64) people with disabilities in FY 2008**
- **Compare to FY 2002 estimates from Stapleton and Goodman (2007) to identify high- and low-growth expenditure components**

# Motivation for Study

---

- **Significant public expenditures support this large and growing vulnerable population**
  - Amount of support is obscured by fragmentation across numerous agencies and levels of government
  - A full accounting of expenditures is needed to understand:
    - How the expenditures distributed
    - How expenditures have grown since 2002
    - The likely causes of growth

# Methods

---

- **Based on published program statistics and studies of disability prevalence in certain populations**
- **Replicated methods used by Goodman and Stapleton (2007) to facilitate comparisons**
  - Focused on direct services and assistance
  - Included a few programs not specifically targeted to people with disabilities
  - Estimates encompass 63 federal programs
  - Made a few adjustments to the Goodman and Stapleton 2002 estimates to improve comparability
- **No standard definition of disability used**
  - Defined by program eligibility or based on the studies used to estimate expenditures

# Estimates by Major Category, FY 2008

---

Category	Federal Expenditures (billions)	Percentage of Total	Percentage Change Since FY 2002 (inflation adjusted)
Income maintenance	\$169.8	47.5	29.5
Health care	\$169.1	47.3	34.4
Housing and food assistance	\$11.6	3.3	17.9
Education, training, and employment	\$4.3	1.2	-2.6
Other services	\$2.5	0.7	2.3
<b>Total</b>	<b>\$357.4</b>	<b>100.0</b>	<b>30.6</b>

# Selected High-Expenditure and High-Growth Programs

<b>Program</b>	<b>FY 2008 Expenditures (billions)</b>	<b>Percentage Growth FY 2002–FY 2008</b>
<b>Social Security Disability Insurance (SSDI)—disabled workers</b>	<b>\$94.7</b>	<b>71%</b>
<b>Medicaid</b>	<b>\$88.8</b>	<b>42%</b>
<b>Medicare</b>	<b>\$62.9</b>	<b>104%</b>
<b>Veterans compensation</b>	<b>\$18.5</b>	<b>65%</b>
<b>Veterans vocational rehabilitation and employment</b>	<b>\$0.7</b>	<b>63%</b>

Note: Percentage change since FY2002 for all expenditures was 56%.

# Per Capita Expenditures

---

- **Expenditures represented nearly \$19,000 per working-age person with a disability in 2008**
  - Based on the American Community Survey estimate of 19 million people with disabilities age 18-64
- **Most expenditures were likely concentrated among the approximately 10 million individuals participating in SSDI and Supplemental Security Income (SSI)**
  - For this group, average SSI, SSDI, Medicare, and Medicaid expenditures increased by 16 percent, from \$23,340 in FY 2002 to \$27,100 in FY 2008 (inflation adjusted)



# Expenditures as a Share of Gross Domestic Product (GDP) and Federal Revenues and Outlays

---

	FY 2002	FY 2008	Percentage Change
Total Federal Disability Expenditures	\$229 billion	\$357 billion	56.3
Percentage of GDP	2.1	2.5	15.8
Percentage of federal outlays	11.4	12.0	5.4
Percentage of federal revenues	12.3	14.2	14.7

# Expenditures for Working-Age People with Disabilities in Selected State Programs

---

Program	FY 2008 Expenditures (billions)	Percentage Change Since FY 2002 (inflation adjusted)
Medicaid	\$66.4	19.7
SSI State Supplements	\$2.5	-8.6
Temporary Assistance to Needy Families	\$1.6	-31.9
Vocational Rehabilitation	\$0.7	-5.6
<b>Total</b>	<b>\$71.1</b>	<b>16.2</b>

# Reasons for Spending Growth

---

- **Rising number of people with disabilities in assistance programs, especially in SSDI**
  - Aging baby boomers
  - More SSDI-covered workers
  - Poor economy
  - Wars in Iraq and Afghanistan and aging Vietnam-era veterans
- **Rising health care costs**
  - Benefit expansions (e.g., Medicare Part D)
  - Health care cost inflation

# Summary

---

- **Large increase in spending on working-age people with disabilities since 2002**
  - Especially for health care and income maintenance
  - Health care expansions and rising number of people with disabilities have contributed to the increase
- **Expenditures on education and employment services remain low and have even declined since 2002**
  - Such investments might be a primary avenue to long-term reduction in expenditures

# Implications

---

- **Spending is on an unsustainable path**
  - Incremental changes are likely to harm this population and to provide only short-term benefits
- **Fundamental restructuring of disability programs is needed to address the long-term fiscal crisis**
  - Incentives that promote the employment of people with disabilities
  - Early intervention
  - Integration and coordination of programs

# Published Study Findings

---

Livermore, G., D. Stapleton, and M. O'Toole. "Health Care costs Are a Key Driver of Growth in Federal and State Assistance to Working-Age People with Disabilities." *Health Affairs*, vol. 30, no. 9, September 2011, pp. 1664-1674.

Stapleton, D., and G. Livermore. "Costs, Cuts, and Consequences: Charting a New Course for Working-Age People with Disabilities." Disability Policy Issue Brief No. 11-03. Washington, DC: Center for Studying Disability Policy, 2011. Available at: <http://www.mathematica-mpr.com>

# Contact Information

---

**Gina Livermore**  
**Center for Studying Disability Policy**  
**Mathematica Policy Research**  
**1100 1<sup>st</sup> Street NE, 12<sup>th</sup> Floor**  
**Washington, DC 20002**  
**(202) 264-3462**

**[glivermore@mathematica-mpr.com](mailto:glivermore@mathematica-mpr.com)**

**[www.DisabilityPolicyResearch.org](http://www.DisabilityPolicyResearch.org)**

Mathematica® is a registered trademark of Mathematica Policy Research.