

# The Power of Disability Employment: The Impact to Arizona's Economy

## Plain Language Summary

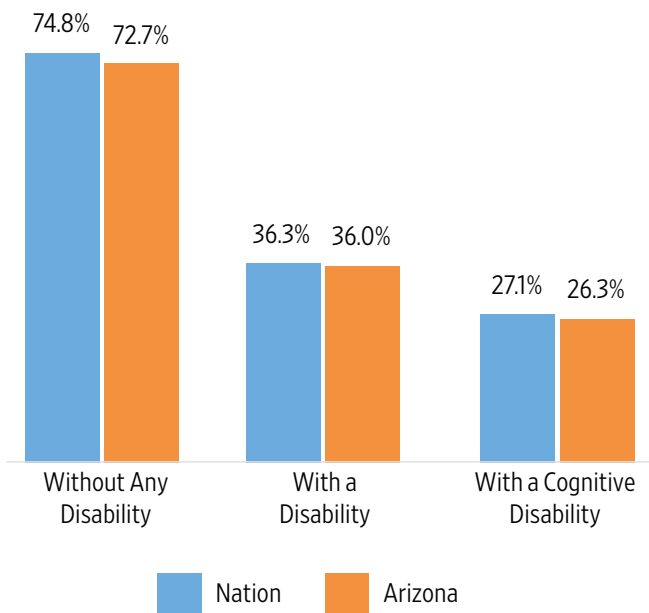
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### Introduction

In Arizona, there are large differences in the number of people with and without disabilities who are employed. The majority of working-age people (ages 16-64) without a disability are employed, but only a small percentage of people with disabilities are employed (Figure 1).

**Figure 1. Percent of working-age adults employed**

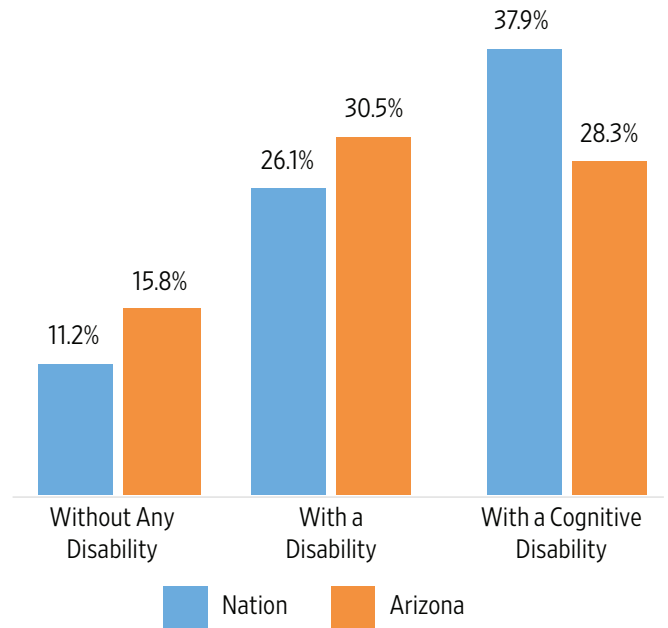


Source: American Community Survey, 2017

Also in Arizona, people with a disability are much more likely to live in poverty than people without disabilities. In 2017, 15.8% of individuals without a disability lived in a household with income below the federal poverty line<sup>1</sup>. More than twice that percentage—30.5% of individuals with any disability—lived in a household with income below the federal poverty line (Figure 2).

<sup>1</sup> In 2017 a single person with an annual income at or below \$12,060 would be living in poverty. For a family of four the annual income amount is \$24,600.

**Figure 2. Percent of individuals living in a household with an income below the poverty line**



Source: American Community Survey, 2017

Low employment and high poverty rates for Arizonans with disabilities led the Arizona Developmental Disabilities Planning Council to understand how Arizona's economy would change if more Arizonans with disabilities were employed. Arizona is the first state to conduct a study linking employment of people with disabilities to improved state-level economic outcomes.

## Study Overview

This report is a summary of the larger report, “*The Power of Disability Employment: The Impact to Arizona’s Economy*,” that was written by the Institute for Community Inclusion, University of Massachusetts Boston. The authors of the report 1) identified states that are similar to Arizona but have more people with disabilities who are working, 2) used a statistical model to predict the ways that Arizona’s economy would improve if more people with disabilities find jobs, 3) used interviews and focus groups with disability employment experts in Arizona, and 4) studied state policy and practice documents, to understand what the state is doing to increase employment for people with disabilities. The report identified 5 key findings.

### FINDING 1

#### **Compared with other states, Arizona is a mid-level performer in employing people with disabilities.**

The data show that Arizona has higher rates of employment for people with disabilities than 18 states, but lower rates than 31 states. Of the states that have a higher percentage of people with disabilities who are working, seven states, Alaska, Iowa, Kansas, Minnesota, Nevada, North Dakota, and South Dakota, are similar to Arizona in ways that were identified as important by the experts interviewed for this study. Arizona can use the performance of these states to set realistic goals for increasing employment of Arizonans with disabilities.

### FINDING 2

#### **Increasing the number of Arizonans with disabilities who are working will benefit Arizona’s economy.**

The report found that if 2,302 to 6,367 more people with disabilities in Arizona become employed each year for ten years, there will be:

- » An increase of between \$281.04 million and \$818.82 million in gross domestic product (GDP)<sup>2</sup> each year. Over a ten-year period, this would result in up to \$8.19 billion added

to Arizona’s economy.

- » Between 703 and 2,042 new jobs created each year in the state. Over a ten-year period, this would result in up to 20,420 new jobs in Arizona.
- » In the short term, the state could expect the money it collects in taxes to increase by \$14.25 million to \$41.53 million each year.

The study used the Bureau of Economic Analysis Regional Input-Output Modeling System (RIMS II) to calculate this information. The goal was to understand the impact of increasing Arizona’s labor force participation rate (LFPR) for people with disabilities by six percentage points, from 42.3% to 48.6%, over a ten-year period. Two scenarios were developed: one assumes the unemployment rate for Arizonans with disabilities stays at 12.7% (scenario 1), and the second assumes the unemployment rate of Arizonans with disabilities drops to 10.3% (scenario 2). Appendix A describes in detail how more people with disabilities working will improve the economy for all people in Arizona.

### FINDING 3

#### **Arizona has state agencies that are taking action to increase the number of Arizonans with disabilities who work.**

Arizona has several agencies that support individuals with disabilities to get and keep a job in their community. ARIZONA@WORK, the Division of Developmental Disabilities, the Vocational Rehabilitation Program, the Exceptional Student Services Division of the Department of Education, and the Arizona Health Care Cost Containment System play main roles. These agencies have strong guidelines that help them work well together. They collect and use data on the number of people with disabilities who are working to set goals and improve services. Lastly, they are always looking for ways to improve themselves and work with national experts.

<sup>2</sup> Economists use gross domestic product (GDP) to keep track of how an economy is doing. GDP measures the value of all goods and services produced in an economy in a given period of time, usually a quarter or a year.

## FINDING 4

### There are specific actions state agencies can take to improve their employment services and supports.

State agencies can help more Arizonans with disabilities begin to work by:

- » Continuing to work together to identify areas for improvement.
- » Increasing the types of assistance people can get to secure a job.
- » Requiring that professionals who help people to get a job are highly skilled.
- » Helping people with disabilities understand how working can lead to increased financial stability and independence.

## FINDING 5

### Increasing the number of Arizonans with disabilities who work will benefit everyone in the state.

If more people with disabilities in Arizona are working, it will benefit all Arizonans, not just those with disabilities. Increases in the state's gross domestic product, the number of jobs, and tax revenue will benefit every citizen in Arizona. Specific benefits for people with disabilities will include fewer people with disabilities who are poor, more people who are included in their communities, and increased opportunities to be self-determined and to become independent. There is also evidence that increasing employment for people with disabilities will improve health outcomes and ultimately lead to lower public health care costs (Bush, 2018; Bush, Drake, Xie, McHugo, & Haslett, 2009; Hall, Kurth, & Hunt, 2013).

## Conclusion

Many stakeholders in Arizona have worked to support people with disabilities in employment. However, when compared to other states, Arizona has room for improvement. If Arizona wants more people with disabilities to be employed, the state will need to continue to make changes and improve the employment service system. Increasing employment for people with disabilities will make Arizona's economy stronger for all Arizonans.

## References

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- Bush, M. (2018). Addressing the root cause: Rising health care costs and social determinants of health. *North Carolina Medical Journal, 79*(1), 26-29.
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## Appendix A

Table 1 describes in detail how more people with disabilities working will improve the economy for all people in Arizona. Key terms used in Table 1:

- » **Labor force participation rate:** The labor force participation rate is the number of people ages 16-64 who are working or who are looking for a job divided by the total number of people ages 16-64.
- » **Unemployment rate:** The unemployment rate is the number of people who are looking for a job divided by the number of people in the labor force.
- » **Type I multipliers:** Type I multipliers explain changes in the economy between two or more industries (interindustry effect).
- » **Type II multipliers:** Type II multipliers account for the impact of increases or decreases in household spending on an area's economy.

**Table 1. RIMS II forecasts of impact of increasing the labor force participation of Arizonans with disabilities**

Scenario	Scenario outcome	Impact on industries (Type I)	Additional impact of household spending as a result of increased employment (Type II)
<b>One</b>	LFPR of Arizonans with disabilities increases to 48.6% Unemployment rate for Arizonans with disabilities stays the same at 12.7% Occurs over ten years	2,302 more Arizonans with disabilities employed each year for 10 years GDP increases by \$197.5 million each year for 10 years In the short term, tax revenues increase by \$5.88 million per year	703 jobs added to Arizona's economy each year for 10 years GDP increases an extra \$83.54 million each year for 10 years In the short term, tax revenues increase by an extra \$8.37 million per year
<b>Two</b>	LFPR of Arizonans with disabilities increases to 48.6% Unemployment rate for Arizonans with disabilities decreases to 10.3% Occurs over ten years	6,367 more Arizonans with disabilities employed each year for 10 years GDP increases by \$575.52 million each year for 10 years In the short term, tax revenues increase by \$17.14 million per year	2,042 jobs added to Arizona's economy each year for 10 years GDP increases an extra \$243.3 million each year for 10 years In the short term, tax revenues increase by an extra \$24.39 million per year



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