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

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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 components
Motivation for Study

- Significant public expenditures support this large and growing vulnerable population
  - Amount of support is partly hidden by fragmentation across numerous agencies and levels of government

- The distribution of expenditures provides:
  - Insights about the thrust of federal support for this population
    - “Caretaker” versus “maximizing self-sufficiency”
  - An indication of how vulnerable disability programs might be to deficit-reduction efforts
Methods

- Replicated methods used by Goodman and Stapleton (2007) to facilitate comparisons
  - Excluded expenditures for:
    - Administrative activities
    - Programs that do not provide direct services
    - Native American programs (except vocational rehabilitation)
    - Programs for which we did not have enough information
    - Programs/services provided in the absence of disability
Methods (cont’d.)

• Replicated methods used by Goodman and Stapleton (cont’d.)
  – Included costs of a few programs not specifically targeted to people with disabilities
  – Included 63 federal programs in the estimates

• 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

<table>
<thead>
<tr>
<th>Category</th>
<th>Expenditures (billions)</th>
<th>% of Total</th>
<th>% Change Since FY 2002&lt;sup&gt;a&lt;/sup&gt;</th>
<th>% Change Since FY 2002&lt;sup&gt;a&lt;/sup&gt; (inflation adjusted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income maintenance</td>
<td>$169.8</td>
<td>47.5</td>
<td>55.0</td>
<td>29.5</td>
</tr>
<tr>
<td>Health care</td>
<td>$169.1</td>
<td>47.3</td>
<td>60.9</td>
<td>34.4</td>
</tr>
<tr>
<td>Housing and food assistance</td>
<td>$11.6</td>
<td>3.3</td>
<td>41.1</td>
<td>17.9</td>
</tr>
<tr>
<td>Education, training, and employment</td>
<td>$4.3</td>
<td>1.2</td>
<td>16.6</td>
<td>-2.6</td>
</tr>
<tr>
<td>Other services</td>
<td>$2.5</td>
<td>0.7</td>
<td>22.5</td>
<td>2.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$357.4</strong></td>
<td><strong>100.0</strong></td>
<td><strong>56.3</strong></td>
<td><strong>30.6</strong></td>
</tr>
</tbody>
</table>

<sup>a</sup> Based on a comparison to FY 2002 estimates from Goodman and Stapleton (2007).
## Selected High-Expenditure and High-Growth Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>FY 2008 Expenditures (billions)</th>
<th>% Growth FY 2002–FY 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security Disability Insurance (SSDI)—disabled workers</td>
<td>94.7</td>
<td>71%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>88.8</td>
<td>42%</td>
</tr>
<tr>
<td>Medicare</td>
<td>62.9</td>
<td>104%</td>
</tr>
<tr>
<td>Veterans compensation</td>
<td>18.4</td>
<td>65%</td>
</tr>
<tr>
<td>Veterans medical care</td>
<td>12.5</td>
<td>60%</td>
</tr>
</tbody>
</table>
Expenditures per Capita

- In 2008, expenditures represented nearly $19,000 per working-age person with a disability
  - Based on the American Community Survey estimate of 19 million working-age people with disabilities
- Most funds were likely spent on the ~10 million people receiving SSI and SSDI
  - 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 GDP, Federal Revenues, and Outlays

<table>
<thead>
<tr>
<th></th>
<th>FY 2002&lt;sup&gt;a&lt;/sup&gt;</th>
<th>FY 2008</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Federal Disability Expenditures</td>
<td>$229 billion</td>
<td>$357 billion</td>
<td>56.3</td>
</tr>
<tr>
<td>Percent of GDP&lt;sup&gt;b&lt;/sup&gt;</td>
<td>2.1</td>
<td>2.5</td>
<td>15.8</td>
</tr>
<tr>
<td>Percent of federal outlays</td>
<td>11.4</td>
<td>12.0</td>
<td>5.4</td>
</tr>
<tr>
<td>Percent of federal revenues</td>
<td>12.3</td>
<td>14.2</td>
<td>14.7</td>
</tr>
</tbody>
</table>

<sup>a</sup> Based on estimates from Goodman and Stapleton (2007).

<sup>b</sup> GDP = gross domestic product
Summary and Conclusions

● 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 even declined since 2002
  – Such investments might be a primary avenue to long-term reduction in expenditures

● Policymakers must find ways to reduce spending without harming this vulnerable population
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