The Consequences of Employment Protection for Workers Disabled by Workplace Injury

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September 11, 2008
Preliminary and incomplete. Do not quote or cite.

Abstract

This paper considers how workers' compensation rules affect the impact of employment protection statutes on the labor market outcomes of the disabled. Employment protection for the disabled requires employers to make "reasonable" accommodations and bars them from discriminating in hiring and firing. We argue that these accommodations required by employment protection provisions can reduce workers' compensation benefits that are paid to workers who become disabled due to a workplace injury. This overlap between the two policies should make employment protection more effective in improving labor market outcomes for the disabled who become injured on the job and receive workers' compensation. We test this prediction by examining the employment outcomes of workers' compensation recipients and other disabled workers after changes to the California Fair Employment and Housing Act. Preliminary findings suggest that, as we predict, changes to FEHA that required greater accommodations were less likely to reduce employment for workers' compensation recipients than other disabled workers.

A. Introduction

Employment protection is designed to reduce discrimination in the workforce by providing targeted groups with legal redress when they face prohibited employer practices. For the disabled, this entitles them to "reasonable" accommodations and bars discrimination in hiring, termination or compensation. These policies, such as the federal Americans with Disabilities Act (ADA) as well as various individual state and local polices, are intended to improve the labor market outcomes of the disabled. However, past studies have demonstrated that employment protection, specifically the ADA, can increase the cost of employing the disabled and might actually make it harder for the disabled to obtain work (Oi, 1991; Rosen, 1991; DeLaire, 2000a, 200b; Acemoglu and Angrist 2001, Hotchkiss, 2005).

One aspect of disability that separates the disabled from other protected groups, such as ethnic minorities, is that a nondisabled individual can become disabled after experiencing an adverse health shock.[1] In particular, a nontrivial fraction of disabilities occur as a result of someone falling victim to a workplace injury or illness.[2] This is noteworthy because an extensive regulatory and compensation system is already in place for the victims of workplace injuries and illnesses, and there are a myriad of ways in which employment protection and this system can interact. Due to these interactions, the impact of employment protection on someone disabled at work could differ substantially from that of someone with a previous disability or with a nonwork disability. This provides a useful opportunity to investigate the impact of overlapping regulatory and litigation based policies targeting disabled workers.

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[1] In principle, demographic changes in the ethnic composition of the population can make someone a minority. However, such changes generally occur over relatively long periods of time and far less frequently than people experience health shocks that leave them disabled.

[2] Reville and Schoeni (2005) estimate that for people age 51 to 61 reporting a work limiting disability, 36% of them became disabled due to a workplace injury, illness or accident.

This paper studies how workers' compensation regulations alter the effects of employment protection on the labor force participation of the disabled. Central to our analysis is the idea that the accommodations required by employment protection policies can reduce expected workers compensation benefits that employers have to pay to injured workers. If true, this suggests that some of the employer costs of accommodations will be offset by the lower benefit payments. Thus, policies that protect the disabled from discrimination should be more effective at promoting employment among workers' compensation recipients than other disabled workers.

This prediction is tested using data on employment, disability status and workers' compensation benefit receipt from the Current Population Survey (CPS). While past studies have primarily studied the impact of the ADA, we focus on the California Fair Employment and Housing Act (FEHA). In many ways FEHA mirrors the ADA, but it offers stronger protections in that it allows greater damages and has a broader definition of disability. Additionally, the FEHA was strengthened in 2001 to place stricter requirements on employers to provide accommodations. This provides a natural experiment in which to examine the employment impact of FEHA on the disabled and how the impact differs for those with and without a workplace injury.

We test the model by using matched employees in the CPS and comparing the likelihood of leaving the labor market for disabled workers' compensation recipients relative to disabled workers who are not on workers compensation. Our preliminary findings support the predictions of the model. Specifically, we find that disabled workers' compensation recipients are much less likely than disabled workers without workers' compensation to exit

the labor force after the 2001 changes to FEHA. This is particularly true of male workers, likely due to the fact that they are more likely to have physical jobs requiring accommodation.

The paper proceeds as follows. In the next section we describe how the consequences of employment protection for disabled workers can differ depending on whether or not a worker was disabled due to workplace injury. In Section C we provide background on the California FEHA, with a particular focus on how it overlaps with the state workers' compensation system and the changes that were enacted in 2001. Section D describes our empirical approach and the data, and Section E presents our preliminary results. The paper concludes with a brief discussion of next steps and implications for future work.

B. Theoretical Framework

Acemoglu and Angrist (2001) develop a general equilibrium model and use it to consider the impact of the ADA on the aggregate employment of the disabled. Their model showed that the theoretical impact of the ADA on employment is ambiguous. While the ADA subsidizes hiring costs that should promote the employment of the disabled, it simultaneously imposes *ex ante* expected costs to firms hiring disabled workers by raising the costs of firing them. This leads them to conclude that the most likely impact of the ADA is to reduce employment, a finding which is supported by their empirical work.

However, while the general equilibrium effect of their model is to reduce employment, Acemoglu and Angrist acknowledge that the partial equilibrium effects could be much different. By increasing firing costs and requiring accommodation, the ADA could increase retention of those disabled that are already employed. In this paper, we argue that the existence of the workers' compensation system reinforces this retention effect for those workers who become disabled due to a workplace injury.

To see this, we consider a simple partial equilibrium model of employment. Suppose

that individual *i* is employed and has marginal productivity equal to θ_{it}, where $\theta_{it} = \theta^D$ if she

is disabled in time *t* and $\theta_{it} = \theta^H$ if she is not. The disabled are assumed to be less productive

in most jobs, so $\theta^H \geq \theta^D$. In a fully competitive market, wages would equal marginal

product. However, suppose there are equal pay provisions that prevent employers from

offering different wages based on disability status, so $w_i = \bar{w}$ for all *i* regardless of marginal

product.[3] If we assume that $\theta^H > \bar{w} > \theta^D$ we have the extreme case where a firm always

wants to hire nondisabled workers but never wants to hire disabled workers.

The Acemoglu and Angrist (2001) model generated turnover by incorporating

exogenous productivity shocks for all workers. In our model, the only shock we consider is a

nondisabled worker becoming disabled. Suppose that each nondisabled worker in period *t*

faces the chance of becoming disabled in period $t+1$. For simplicity, assume that disability

is an absorbing state. Once a worker becomes disabled, the employer has two choices: they

can pay accommodation cost *c* and retain the disabled worker, or they can fire the disabled

worker and absorb firing cost *f*.[4] The firing cost is equal to the expected cost that comes from

a lawsuit that the disabled worker files under the employment protection provisions.

In our model, the value of accommodation changes depending on whether or not the

worker became disabled due to a workplace injury. If the injury occurred at work, the worker

is eligible for income replacement benefits during the recovery period. This cost, which we

denote *b*, cannot be avoided by firing the worker. However, benefits are paid weekly, so the

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[3] In this model we ignore the possibility that employers could differentiate job title or description based on disability status, which might give them some ability to alter wages. However, such practices could similarly run afoul of provisions that prohibit discrimination in promotion or hiring.

[4] Implicitly we are assuming that marginal productivity of disabled workers is θ^D if the employer accommodates and zero otherwise.

cost is increasing in the length of time that an injured worker remains out of work. We assume that the time out of work, and thus the cost associated with workers' compensation benefits, can be reduced by making the accommodations, i.e. that $b(c) < b(0)$.

This assumption is crucial to our results, so it is worth discussing in more detail. Our intuition is that accommodations that make it easier for a disabled worker to perform their duties also make it easier for workers' to return to work at an earlier date. Such accommodations might include modifying the set of tasks so as to avoid particularly physical work, or some kind of worksite or physical modification. We are not arguing that these accommodations affect the actual recovery time of disabled workers. Rather, we argue that workers have the ability to modify the date at which they return to work, and by taking extra steps to accommodate workers employers can accelerate that date.

There is some empirical support for the idea that accommodations will reduce the employer costs of workplace injuries. It is clear that workers have some ability to choose when to return to work, as shown by numerous studies finding that the duration of work-injury absences is positively related to the benefit level (c.f., Meyer et. al, 1995; Neuhauser and Raphael, 2004; Krueger, 1991; Galizzi and Boden, 1996; Butler and Worral, 1985; Worral and Butler 1985; Johnson and Ondrich, 1990). The direct evidence on the effect of accommodations is more limited, but past studies have tended to find that employer return to work programs reduce the time out of work (c.f., Baldwin et al.; 1996, Loisel et al., 1996; Bernacki et al., 2000; Krause et al., 1998; McLaren et al., 2008). These programs typically involve modifications to work tasks, equipment or scheduling, all of which are items that may be required by the employment protection policies.

Under these assumptions, an employer will retain the newly disabled worker if:

$$\theta^D - \overline{w} - c \geq -f \qquad \text{for nonwork disabilities}$$
$$\theta^D - \overline{w} - c + \left(b(0) - b(c)\right) \geq -f \quad \text{for workplace disabilities}$$

If $\overline{w} > \theta^D$, then employers would always fire disabled workers in the absence of employment

protection. Similarly, if employment protection were to require accommodations without an

adequate enforcement mechanism, such as the ability to sue the employer, this effect would

be exacerbated. However, if the firing costs are high enough, employers will find it profitable

to retain disabled workers even if their marginal product is below the required wage.

The ability of accommodation costs to offset workers' compensation costs, as

represented by $\left(b(0) - b(c)\right)$, makes it cheaper for employers to retain disabled workers.[5]

Suppose f were randomly distributed, then it is straightforward to see that the probability that

a newly disabled worker is retained will be higher for workers' compensation recipients.

Similarly, if a policy led to an exogenous increase in the mean of f, we would expect that the

increase in employment would be greater for workers' compensation recipients.[6] This is the

central hypothesis that we test in our empirical work.

C. Background on Employment Protection for the Disabled

Probably the best known policy that protects the disabled from discrimination in the

U.S. is the ADA. The ADA was enacted in 1991, but Title I, which provided employment

protection for workers at employers with 25 or more employees, did not become effective

until July, 1992. In addition to explicitly barring discrimination in hiring, firing, promotion,

pay or other employment practices, the ADA also requires employers to provide "reasonable"

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[5] We rule out the case where $\left(b(0) - b(c)\right) > c$. In such a scenario, employers could choose to accommodate and still fire the disabled workers.
[6] This result actually relies on assumptions about how the firing costs are distributed. These distributional assumptions will be explored in more detail in future drafts of the paper.

accommodations to the worksite for disabled workers or prospective workers. These may

include but are not limited to:[7]

- Making existing facilities used by employees readily accessible to and usable by persons with disabilities.
- Job restructuring, modifying work schedules, reassignment to a vacant position;
- Acquiring or modifying equipment or devices, adjusting or modifying examinations, training materials, or policies, and providing qualified readers or interpreters.

More generally, the ADA requires employers to provide accommodations that do not

constitute an "undue hardship" on their operation.

While the ADA is perhaps the most widely known policy, it is not the only or even the

first. There are many state policies, some of which predate the ADA. One example of this is

the California Fair Employment and Housing Act (FEHA). FEHA protects individuals

against harassment or discrimination in employment and housing because of a disability and

numerous other characteristics, including age, gender, race, and religion.[8] FEHA was first

passed in 1959 and has changed many times over the years, but laws preventing

discrimination against the disabled began to be incorporated in the 1970s.

Under FEHA, employers are required to provide reasonable accommodations to

employees with disabilities in order to enable them to perform their essential job functions

just as under the ADA. As part of this requirement, employers are required to participate in

an "interactive process" with their disabled employees to determine if reasonable

accommodations can be made which would allow the employee to continue working. In

2001, California revised the FEHA through Assembly Bill 2222 (AB2222).[9] AB2222

expanded FEHA's broad definition of disability and it clarified that mitigating measures (such

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[7] These examples were provided by the Equal Employment Opportunity Commission, at http://www.eeoc.gov/types/ada.html, accessed on August 31, 2008.
[8] Fair Employment and Housing Act (Title 2, Division 3, Part 2.8)
[9] AB 2222, Chapter 1049, Civil Code sections 51, 51.5, 54 and CA Government Codes 12926, 12940, 12955.3, and 19231

as medications or devices such as glasses) are to be excluded from disability determination. More importantly for this paper, AB2222 also enhanced employers' responsibilities for having an interactive process with a disabled employee to determine if reasonable accommodations might be made. Essentially, if an employer fails to engage in an interactive process after AB2222 this can serve as sufficient grounds for a cause of action against the employer.

When interpreting this change in terms of the model, the impact of AB2222 is to raise the expected firing costs associated with releasing a disabled worker. The interactive process requirement does not appear to significantly alter the intensity of accommodation conditional on accommodating, so it should not have a substantial impact on accommodation cost c. What it does is significantly raise the chance of a lawsuit for a failure to accommodate, thus it can be interpreted as raising the mean of f. Given the predictions outlined above, this means that we would expect the change to lead to gains in the employment of workers' compensation recipients relative to disabled workers without workers' compensation after the change.

D. Empirical Approach and Data

In order to test the predictions of the model above, we need to be able to track workers over time, observe whether they are disabled, employed or receive workers' compensation. We also need to observe an exogenous shock to firing costs, and observe how this alters employment of the two groups. Because we are focusing on a policy change in California, we also need to be able to measure these things for workers by state.

The primary source of data that we use is the March Current Population Survey (CPS). The CPS includes information on employment outcomes, demographics, state, disability and

health status, and workers' compensation benefit receipt. For a subsample of the population, it is possible to match observations across two years, allowing us to study changes in labor force participation. Finally, the CPS is a relatively large database, allowing us to obtain reasonable sample size even though we focus on a single state.

Our primary outcome variable is labor force participation. Because our model specifically considered changes in separation rates from employers, we need to know the worker was employed in the initial period. Because the matched CPS sample has two periods of data, we limit our sample to people who are employed in the first period and then use labor force participation in the second period as our primary outcome measure. Labor force participation in both periods is defined as having reported working at least one week in the year.

The key policy change for us is the revision to the FEHA in 2002, which we interpret as an exogenous increase in *f*. The empirical hypothesis that we are testing is that the impact on labor market participation should differ according to whether or not a disabled worker receives workers' compensation benefits. This lends itself to a difference-in-differences specification. The differences we employ are: pre and post introduction to the reform, with and without workers compensation benefits, and disabled versus not disabled. The estimating equation we employ is:

$$Employed_{it+1} = \beta * x_{it} + \gamma_t + \alpha * disabled_{it} + b * wc_{it} + \omega * disabled_{it} * wc_{it} +$$

$$\delta * disabled_{it} * post_{it} + \eta * wc_{it} * post_{it} + \boldsymbol{\theta * disabled_{it} * post_{it} * wc_{it}} + \rho * disabled_{it+1} +$$

$$\varepsilon_{it+1}$$

The parameter θ identifies the effect of FEHA on people who were disabled and on workers compensation. For the reasons discussed above, the expected sign of this coefficient is positive.

To implement this analysis, there are several key measurement issues that must be considered. First, we are basing our test off the assertion that the changes brought about by AB2222 significantly increased the expected costs associated with releasing a disabled worker. It is important to both (1) verify that AB2222 did increase firing costs and (2) pinpoint when these increased costs started to arise. Second, we must settle on an appropriate definition of disability. Finally, there are some issues typically associated with matching the CPS data across years. We discuss each of these issues in turn.

Measuring the Timing and Effect of the Reforms

To investigate whether or not the changes to the FEHA increased incentives to firms to perform interactive processes, we acquired micro-level data from the California Department of Fair Employment and Housing (DFEH). The DFEH is the administrative body charged with overseeing the implementation of FEHA. In order to have a right to sue under FEHA, for disability or other types of discrimination, a complaint must first be filed with the DFEH. These data are collected for everyone alleging an act of discrimination, regardless of whether the DFEH is involved in the resolution, or if the claim is litigated.

We received data from DFEH on all claims alleging discrimination on the basis of disability, gender or race or ethnicity from 1996 through 2005. These data contain both the basis for the claim (gender/race/disability) as well as the alleged acts for the claim (refusal to hire/refusal to accommodate etc). We received data on 107,703 total claims, of which 32,923 (approximately 31%) involved alleged discrimination on the basis of disability. Of the

disability claims, 11,790 (approximately 36%) alleged a failure to accommodate by the employer.

Figure 1 illustrates the trends in the growth in the number of claims by basis of claim from 1996 to 2005. The vertical axis represents the percent change in the number of claims from the baseline year, which is 1996. Claims are broken in to physical disability, mental disability, and other bases. As we can see, the number of claims for the non-disability claims is relatively stable. There appears to be a slight spike in 2003, but in most years the number of claims is within 20% of that in 1996. The number of physical and mental disability claims is also relatively stable prior to the adoption of AB 2222, with no real spikes relative to 1996. There also does not appear to be a significant change in 2001. However, beginning in 2002, there appears to be considerable growth in the number of claims for physical and mental disability. In 2005, there are approximately 60% more claims for physical disability than in 1996 and over 100% more claims for mental disability.

Figure 2 compares the changes in claims alleging a refusal to accommodate to changes in other disability claims. As with Figure 1, the values are measures as percent difference from the baseline year (1996). The series "Total Net of Accommodations" represents changes in disability discrimination claims that did not allege any failure to accommodate. The figure illustrates that, as we expect, a majority of the change in disability discrimination claims after AB2222 came from allegations of refusal to accommodate. The number of refusal to accommodate claims jumped from approximately 30% greater than the baseline value in 2001 to almost 80% greater in 2002. Moreover, this change is persistent in each subsequent year. However, there appears to be little persistent change in the number of other allegations over this time period.

These figures illustrate two key points about the changes that came from AB2222. First, they did lead to a significant increase in claims for disability discrimination that appears to be mostly uncorrelated with any general trend in the filing for discrimination claims. This suggests that employers likely did view the change as increasing the likelihood of being sued. Second, the changes were not immediate, and did not appear to take effect until some time after AB2222 was enacted. Therefore, in our empirical work, we use pre and post 2002 as the benchmark for our analysis.

Defining Disability Status

A challenge in empirical studies that involve disability is selecting the appropriate measure of disability status to use. Most surveys that include disability ask a question about whether or not they have work limitations. The relevant question in the CPS asks "(Do you/Does anyone in this household) have a health problem or disability which prevents (you/them) from working or which limits the kind or amount of work (you/they) can do?" A problem with this formulation is that it raises the possibility that reported disability status could be influence by labor force participation. For example, if one is working, they may be less likely to report a disability as being limited even if they have some form of functional limitation. This is particularly troubling for our purposes because (1) we are focusing on individuals who are working (at least in the first period) and (2) the definition of disability under FEHA is actually more liberal than this.

Because of this, we use self-reported health status as an alternative definition of disability for our analysis. The question "Would you say (name's/your) health in general is Excellent, Very good, Good, Fair, Poor?" We define someone as being disabled when they respond as having fair or poor health. This definition is likely more consistent with the broad

definition of disability in place under the FEHA, and it is more likely to be independent of current labor force participation. That said, the two measures are highly correlated, with approximately two-thirds of the disabled in our measure self-reporting a work limitation.

Matching the CPS Data

About one half of the CPS population for a particular year can be matched to the next year. A limitation to matching is that because it is a household survey, actual individuals are not identified. Rather, a person's household and place within that household can differ. This can lead to changes when people change households due to any number of factors, e.g., death, change in marital status, etc.

Different levels of matching are possible, wherein if you match on additional variables one can be more confident in the match, but may be unnecessarily throwing out data. We initially match on household id and line number. Next, we make sure that the potential match has not changed gender or race/ethnicity. Lastly, we make sure that the potential match is one year older in the second year than they were in the first year. This matching strategy results in a match rate of approximately 40%. While slightly lower than the highest possible match rate of 50%, it leaves us confident that those people we have matched across years are very likely the same person.

Table 1 compares the matched sample to the entire CPS sample for California from 1995-2007. Note that we restrict the sample to the 21-55 age population, to focus on the prime labor market years. Overall, the matched sample appears quite close to the overall full sample. The percent of disabled workers is about 8.8% in the full sample and in the matched sample. The population with workers compensation is 1.51% in the entire sample and a

slightly higher 1.64% in the matched sample. All other demographic variables are within a

percentage point or two in the entire versus matched sample.

Table 2 provides summary statistics for the disabled population and the entire matched

sample. As we expect, employment outcomes for the disabled are substantially worse than

for the general population. In particular, the employment rate for the disabled population is

56%, compared with 83% for the full sample. Disability is also correlated with workers'

compensation receipt, with a rate of 5.51% compared to 1.63% in the full sample.

Before moving on to discuss the empirical results, we first consider the transitions

from health status between years. Table 3 illustrates the reported disability status in the

second period for matched individuals based on their reported disability status in the first

period. Someone who is not disabled in the first period becomes disabled in the second

period about 5.8% of the time. On the other hand, someone who is disabled in the first period

reports a disability in the second period just 45.92% of times. This indicates that over half of

reported disabilities are temporary.

This point is of interest partly because it confirms our earlier argument that disability

is far from static for most people, but it also has implications for our analysis. Disabilities can

vary in terms of their severity as well as their persistence over time. Obviously the

employment consequences of a disability will be driven in part by disability severity. What

could be problematic for our purposes is the possibility that disabilities associated with

workplace injuries are systematically different in terms of severity than other disabilities. We

control for this partly with our difference in differences specification, which should eliminate

any systematic differences between workers' compensation and other disabling injuries that

are constant over time. However, we further control for differences in disability severity by

including the reported disability status in the second period as an independent variable in all of our analyses.[10]

E. Results

Table 4 reports our central estimates for the differential employment effect of employment protection for workers' compensation recipients. The top row reports results for all workers in our estimation sample. The bottom row reports results for men only. We report results for three specifications: one with no fixed effects, one with fixed effects for county, and the other with fixed effects for occupation in the first period. We estimate a linear probability model, so the coefficients can be interpreted as percentage point differences. Robust standard errors are reported, with clustering on whichever variable is used for the fixed effect.[11]

The results of Table 4 indicate that the adoption of AB2222 significantly increased the likelihood of employment in the second period for workers' who were disabled and received workers' compensation in the first period, relative to those who were disabled and did not receive workers' compensation. Ignoring the models with fixed effects, the difference is 0.286 for the full sample and 0.431 for the sample that just includes men.

We suspect that the difference is higher for men because, on average, they are more likely to be employed in physical jobs that may be more likely to require accommodation. McLaren et al. (2008) similarly find that return to work programs that provide accommodations to injured workers appear to have a more significant impact on men. However, we do note that with this explanation we might expect some change when we

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[10] In principle, we could include the full set of self-reported health outcomes in the second period. We have experimented with this and it did not substantially alter our findings.

[11] Clustering appears to have no significant impact on the standard errors in our analysis.

include occupation fixed effects. The fact that we observe no such change in our analysis could indicate that some other explanation is more relevant.

Figures 1 and 2 both indicate that the increase in disability discrimination claims was fairly persistent after 2002. Thus, if the effect that we find is really attributable to the reform we would expect this effect to be relatively stable over time. In Table 5 we report results from an alternative specification that allows the effect to vary over time. Specifically, we interact each year from 2001 through 2006 with the interaction term between workers' compensation benefit receipt and disability status. As before, we present separate results for all workers and for men, and report the results with and without county and occupation fixed effects.

From the table we see that there is no significant effect in 2001. If anything, the effect appears to be negative. Interestingly, there also appears to be a slight drop in claims in 2001. This could be due to individuals anticipating a change in the law, though we have no means to substantiate that. Beginning in 2002, there appears to be a positive effect that is mostly consistent over time. For all workers, four of the interaction terms from 2002-2006 are positive and three are positive and significant. For men, four are positive and significant. The only anomaly appears to be 2005, which is negative but not significant for all workers and for men. Overall, these findings appear to indicate that the effect we identify is persistent over time, raising confidence that it is attributable to the change in the policy.

F. Summary

This paper studies the interaction between policies that protect disabled workers from discrimination and policies that mandate compensation for workplace injuries, and how this influences the labor force participation of the disabled. Our theoretical model predicted that

workers' compensation claimants should be more sensitive to changes in employment protection policies, specifically an exogenous increase in the costs associated with firing a disabled worker. We tested this theory using changes to the California Fair Employment and Housing Act (FEHA) which made it easier for disabled workers to sue their employers for a failure to accommodate. The findings suggest that, as the model predicts, workers' compensation recipients appeared to benefit more than other disabled workers from this policy change.

Often when comparing a private policy enforced through litigation with a regulatory public policy, we are concerned with redundancy. In this case, workers' compensation and employment protection do not precisely target the same activities, so we may be less concerned about redundancy of the two policies. However, it is interesting to note that in this particular case the overlap between the private and public systems actually helps to make the private system more effective. As far as more general lessons for improving labor market outcomes for the disabled, our results suggest that policymakers should consider the static nature of disability status and the full range of public policies that already exist to support those with work limitations.

There are numerous ways in which the work here can be expanded upon. The preliminary findings here do little to control for other important factors, such as firm size, that could affect the results. In addition, the CPS tracks individuals for such a short time that we have a very fixed window to track changes in labor force participation and separation. We will explore using panel data to consider a longer time horizon. Finally, while we focus on FEHA because of the specific changes in accommodation requirements, we might also expect the ADA to have different impact for workers who receive workers' compensation benefits.

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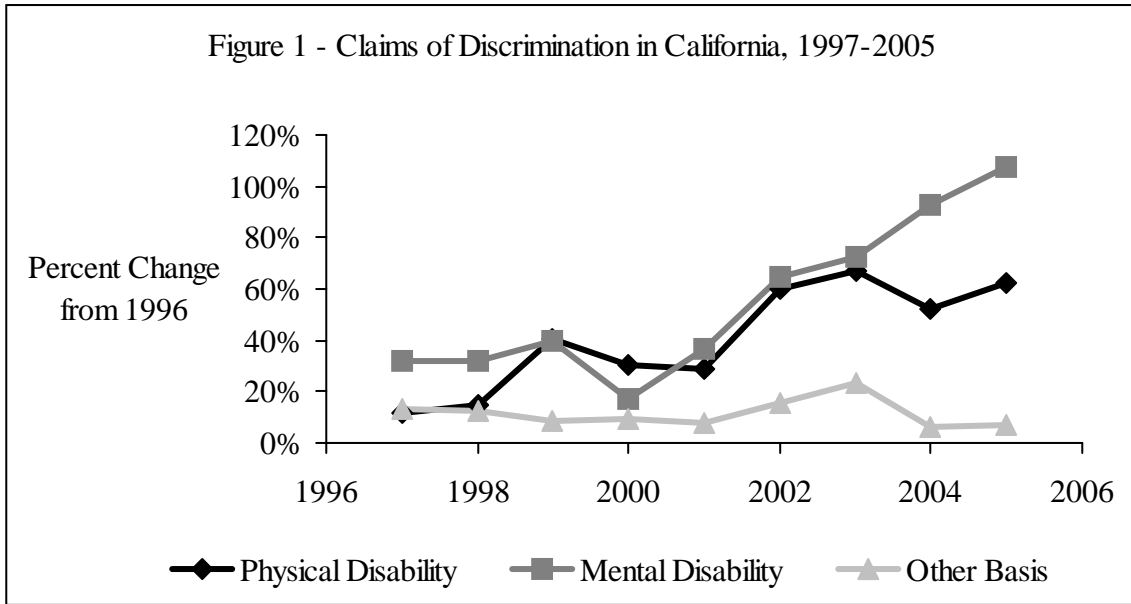
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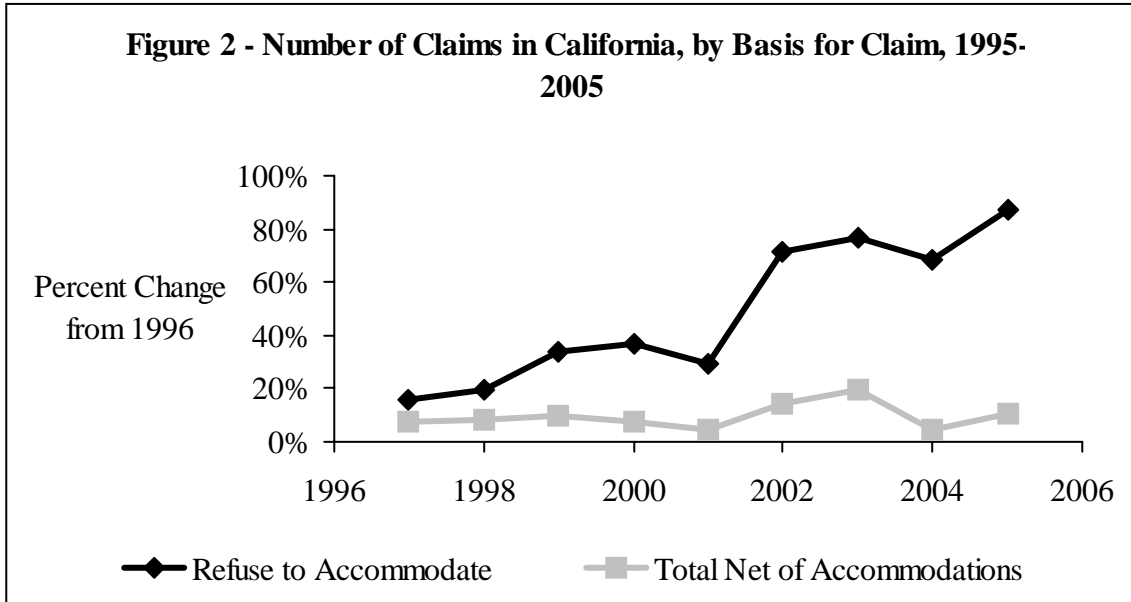
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Figure 1 - Claims of Discrimination in California, 1997-2005

Figure 2 - Number of Claims in California, by Basis for Claim, 1995-2005

Table 1: Comparison of Matched and Unmatched Sample
21-55 Year Old, 1995-2007

Characteristic	Unmatched	Matched
Age	37.46	38.85
Percent Male	49.95%	49.53%
Employed	81.84%	83.06%
High School	23.38%	22.41%
Some College	21.50%	22.04%
College Degree	36.91%	38.99%
White Only	77.58%	79.80%
Black Only	6.90%	5.93%
Other Minority	15.52%	14.28%
Disabled	8.75%	8.81%
Workers Compensation	1.51%	1.63%
Number of Observations	98,959	38,417

Table 2: Summary of Matched Sample
Matched Sample, Aged 21-55, 1995-2007

Characteristic	All Workers	Disabled Workers
Age	38.85	42.76
Percent Male	49.53%	46.17%
Employed	83.06%	55.73%
High School	22.41%	26.87%
Some College	22.04%	19.76%
College Degree	38.99%	22.98%
White Only	79.80%	76.30%
Black Only	5.93%	9.94%
Other Minority	14.28%	13.76%
Received Workers Comp	1.63%	5.51%
Number of Observations	38,417	3,413

Table 3: Changes in Disability Status from First to Second Year
Matched Sample, Aged 21-55, 1995-2007

	Disability Status	Second Year Not Disabled	Disabled
First Year	Not Disabled	94.20%	5.80%
	Disabled	54.08%	45.92%

Table 4: Model Results for Interaction of Workers Compensation, Post 2002, and Disability
Matched Sample, Aged 21-55, 1995-2007

	Male/Female		
Coefficient on Workers	0.286**	0.282***	0.290**
Comp*Post2002*Disabled	(0.142)	(0.093)	(0.124)
	Male Only		
Coefficient on Workers	0.431**	0.424**	0.440*
Comp*Post2002*Disabled	(0.189)	(0.183)	(0.217)
Fixed Effect	None	County	Occupation

Note:
* is significant at 10%, ** is significant at 5%, *** is significant at 1%

Table 5: Model Results for Interaction of Workers Compensation, Post 2001 Years, and Disability
Matched Sample, Aged 21-55, 1995-2007

Coefficient	Interaction Year					
	2001	2002	2003	2004	2005	2006
Male/Female						
Workers Comp*Year*Disabled	-0.372	0.295***	0.408***	0.098	-0.054	0.409***
	(0.222)	(0.061)	(0.061)	(0.290)	(0.280)	(0.065)
Male Only						
Workers Comp*Year*Disabled	-0.338	0.350**	0.444***	0.464***	-0.162	0.389**
	(0.278)	(0.104)	(0.086)	(0.115)	(0.315)	(0.112)

Note:
* is significant at 10%, ** is significant at 5%, *** is significant at 1%