

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

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# Purpose of Study

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- **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

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- **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

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- **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.)

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- **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

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

<sup>a</sup> Based on a comparison to FY 2002 estimates from Goodman and Stapleton (2007).

# Selected High-Expenditure and High-Growth Programs

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

# Expenditures per Capita

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- **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

	FY 2002 <sup>a</sup>	FY 2008	% Change
Total Federal Disability Expenditures	\$229 billion	\$357 billion	56.3
Percent of GDP <sup>b</sup>	2.1	2.5	15.8
Percent of federal outlays	11.4	12.0	5.4
Percent of federal revenues	12.3	14.2	14.7

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

<sup>b</sup> GDP = gross domestic product

# Summary and Conclusions

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- **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**

# Contact Information

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