



THE EFFECT OF CHILDHOOD PUBLIC POLICIES ON ADULT WORK DISABILITY

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This study estimates the impact of exposure to three welfare-enhancing policies in childhood – Medicaid, Food Stamps, and the Earned Income Tax Credit – on experiencing work disability as an adult. With over 2 million workers applying for Disability Insurance annually (Social Security Administration, 2019), it is important to understand how the social safety-net can shape work, health, and disability decades later.

Examining Effects of the Social Safety Net on Work Disability Decades Later

Work disability exists at the intersection of work and health. Many large household surveys attempt to capture the experience with a question on whether an individual has a health condition that limits their ability to work. We hypothesize that the U.S. social safety net, which is known to improve health and labor market outcomes (e.g., Bastian & Micheltore, 2018; Goodman-Bacon, 2021; Hoynes et al., 2016 among others) may sufficiently improve health such that the incidence of work disability declines. We focus on childhood exposure to the safety net because previous research emphasizes the importance of early childhood (Almond, 2006; Goodman-Bacon, 2021; Hoynes et al., 2016) experiences on later-life health outcomes. It also affords a long horizon over which exposures to the safety-net can affect lifecourse health.

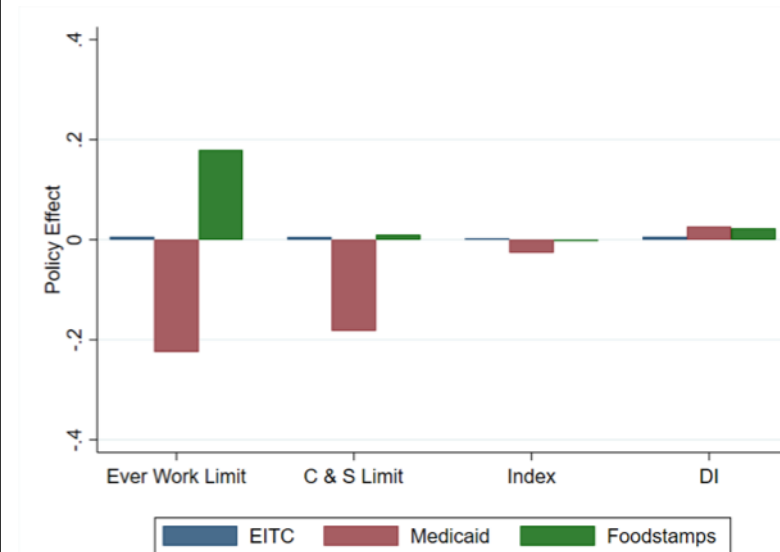
Using the Panel Study of Income Dynamics (PSID), we examine the effect of Food Stamps, Medicaid, and the Earned Income Tax Credit (EITC) in childhood on work disability as an adult (i.e., ages 30 – 60). We rely on exogenous variation in the rollout for each of these three policies in the 1960s and 1970s to identify causal effects on adult work disability. Because these programs are targeted toward low-income Americans, our main sample consists of individuals whose parents did not attend college. In contrast to rare previous studies that examine causal impacts of social programs on work disability (e.g., Goodman-Bacon, 2021; Hoynes et al., 2016), we acknowledge the rich heterogeneity in work disability experiences (Meyer & Mok, 2019) by leveraging four definitions of work disability in our analysis. First, we examine the prevalence of any reported work disability in adulthood. Second, we adapt a categorization from Meyer and Mok (2019) to focus on individuals with chronic and severe work disability. Third, we use a work limitation index (Jajtner, 2020) that captures duration and severity of work limitations on a continuum. Finally, we investigate the prevalence of Disability Insurance (DI) awards using self-reports of Medicare insurance prior to age 65.

Analysis Does Not Detect an Effect of the Social Safety Net in Childhood on Adulthood Work Disability

Despite the rich characterization of work disability, we are unable to detect any meaningful effects of these



Figure 1: Aggregate Childhood Policy Effects in a low SES Population on Adult Work Disability



Source: Authors calculations using PSID restricted data.

Notes: “C & S Limit” is a chronic and severe work limitation. The “Index” is the continuous work limitation index. Each bar represents a separate regression. + $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, and *** $p < 0.001$.

three policies on work disability. There is a strong theoretical basis for expecting work disability to decline with access to the social safety net. Previous research demonstrates improvements in health resulting from these policies (Braga et al., 2020; Goodman-Bacon, 2021; Hoynes et al., 2016). Indeed, our descriptive analysis finds that individuals who ever report a work disability (defined as either a self-reported work limitation or receipt of Medicare before age 65) on average are exposed to \$4,000 - \$5,000 fewer EITC dollars, three percent less of childhood is covered by Medicaid, and 6 to 8 percent less of childhood is covered by Food Stamps. Results from regression models that adjust for demographic characteristics, adulthood and childhood socioeconomic status and characteristics, state- and county-level characteristics, and birth

cohort and birth state fixed effects however do not detect an effect of any policy on work disability. Figure 1 highlights the main results. Across all definitions of work disability, no policy has a statistically significant impact on reducing work disability. In fact, estimates for the effect of Food Stamps on ever reporting a work limitation are positive – the opposite direction as hypothesized. These results are robust to expanding the sample to individuals of all socioeconomic backgrounds, males, females, non-Hispanic White, and non-Hispanic Black Americans. Disaggregating childhood exposure into three phases of childhood (early, middle, and late) produces similar results. Finally, examining all three policies jointly – essentially acknowledging that there may be some overlap in the safety net – also produces null results. It is unclear why results do not conform to expectations, and further research may be required.

Implications

- We do not detect a causal effect of exposure to Food Stamps, Medicaid, or the EITC in childhood on adult work disability. This result is robust across specifications in our analysis.
- It is unclear whether results represent a true null effect, or if sample variation is inadequate. Further research would potentially clarify.

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