Effects of the Minimum Wage on the Employment and Labor Force Participation of Workers with Disabilities

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State governments have increasingly relied on the minimum wage to improve the economic status of low-wage workers and their families, but economic theory predicts that increases in the minimum wage will reduce employment of low-wage workers and may unintentionally harm some of the individuals that minimum wage increases are intended to help. If workers with disabilities are perceived by employers as less productive than other workers, they may be especially vulnerable to job loss after minimum wage increases. Yet while a large literature has studied the effects of minimum wage increases on teenagers and other populations that may be exposed to reduced labor demand after minimum wage increases, the effect of recent minimum wage increases on the employment and labor force participation of people with disabilities has not been studied empirically.

We will study the effect of state and federal minimum wage increases between 2004 and 2019 on the employment and labor force participation of low-wage workers with disabilities, using a research design that compares outcomes between states that increase the minimum wage to states where the minimum wage remains constant over time. We will use publicly available data from the basic monthly Current Population Survey (CPS) and the CPS Annual Social and Economic Supplement (ASEC), which will allow us to examine several alternative definitions of disability or poor health: workers receiving SSDI or SSI income; workers with physical, mental, or emotional conditions that cause serious difficulty with their daily activities; workers with work-limiting health conditions; and workers self-reporting poor health. In addition to examining employment and labor force participation as outcomes, we will link successive months of the basic monthly CPS to study how minimum wages affect rates of job flows (layoffs, labor force exit, and other transitions) for workers with disabilities or health problems. We will also test for differences in the effects of the minimum wage across workers with disabilities belonging to different racial and ethnic groups.