



State Policy Options for Employing People with Disabilities

By James B. Reed

Recent research shows that employing people with disabilities benefits both business and state budgets. A 2013 [Conference Board](#) report concludes that employing people with disabilities is “a solid business investment” for a variety of reasons, including lower turnover. Another [report](#) notes that, “employing people with disabilities saves the federal and state government money by reducing dependency on cash and medical and disability benefits.” In addition, the 1990 [Americans with Disabilities Act \(ADA\)](#) is among many legislative efforts made over the years to improve the lives of those with disabilities, including offering increased employment opportunities.

Yet [recent research](#) concludes that, in spite of evidence that shows an improved bottom line and acts such as the ADA, those with disabilities are underrepresented in the labor market. The most current [disability employment numbers](#) show that only 19.7 percent of people with disabilities participate in the workforce, and the unemployment rate for people with disabilities is 10.8 percent, compared to 5.3 percent for people without disabilities. The number of workers with disabilities is projected to grow due to several factors, among them military veterans with disabilities who are attempting to enter the workforce and others “aging” into disability as they work beyond traditional retirement age.

State Action

State legislatures are working to increase employment of people with disabilities in both the public and private sectors. Three policy approaches are profiled below.

Employment First refers to a combination of policies that prioritize employment as the first and preferred option for working-age people with disabilities, regardless of the complexity or severity of their impairment. It also includes integrated employment—jobs held by people with disabilities in workplaces where most employees do not have disabilities. In these jobs, those with disabilities earn wages consistent with workers without disabilities who perform the same or similar work, make at least minimum wage and are paid directly by their employers. Washington was the first state to implement such an approach with its [2006 Working Age Adult Policy](#), which helps fund county efforts to provide employment and day services to those with developmental disabilities. Employment First has been adopted in [32 states](#), including Minnesota, where the [All Hands on Deck](#) inclusive workforce strategy targets people with disabilities.

States as Model Employers. A model employer establishes diverse and inclusive employment practices. At least eight states—including California, Illinois, Kansas, Maine, Mas-

Did You Know?

- The unemployment rate for people with disabilities is 10.8 percent, compared to 5.3 percent for people without disabilities.
- Many states are moving toward an “Employment First” approach in order to integrate people with all levels of disabilities into the workforce.
- The federal Workforce Innovation and Opportunity Act (WIOA), which takes effect July 1, is designed to help people with disabilities access employment services and prepare them for high-quality jobs.

sachusetts, Utah, Virginia and Washington—have legislation or an executive order that mandates the [state as a model employer](#). Nine states have adopted various “fast track” provisions to recruit and appoint qualified people with disabilities into state jobs using hiring practices such as an alternative application process or a mandatory interview. A state preference for hiring people with disabilities currently is state law only in [Montana](#), while at least 36 states, the District of Columbia, Guam and Puerto Rico award preferences to disabled veterans and former prisoners of war.

Maine, Massachusetts, Virginia and Washington are among the states that support a central fund to pay for reasonable accommodations, which may include specialized technology and other supports. Maryland provides low-cost loans for businesses to do the same. The centralized approach removes potential budget disincentives for managers to hire people who request such accommodations. Illinois promotes retaining employees who no longer can perform their jobs due to a disability by allowing them to provisionally serve in a different state job. A number of governors have set [hiring goals](#) to increase the number of people with disabilities in the state government workforce.

Encouraging the Private Sector to Employ People with Disabilities. States undertake a number of efforts to help private employers recruit, hire and retain workers with disabilities. At least seven states offer tax credits or refunds for employers that hire people with disabilities, and [six](#) give procurement preferences for business owners with disabilities.

Federal Action

According to a [2012 U.S. Government Accounting Office report](#), as many as 45 federal programs invest \$4 billion annually to support employment for people with disabilities. The [U.S. Department of Labor’s Office of Disability Employment Policy \(ODEP\)](#) is key in developing and influencing policies and practices that increase the number and quality of employment opportunities for people with disabilities. Among its many initiatives, ODEP offers states technical assistance to develop disability-related employment policies and programs.

President Barack Obama issued [Executive Order 13548](#), “Increasing Federal Employment of Individuals with Disabilities,” in July 2010, directing executive departments and agencies to improve their efforts to employ federal workers with disabilities. Section 503 of the Rehabilitation Act of 1975 was updated last March to require federal contractors to recruit, retain and advance in employment qualified people with disabilities.

The [Workforce Innovation and Opportunity Act](#), enacted in July 2014, reaffirms the role of the American Job Center system and focuses specifically on increasing competitive integrated employment opportunities for people with disabilities. The law requires that 15 percent of public vocational rehabilitation funds be used to help [people with disabilities](#) transition from school to adult work life.

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Additional Resources

National Governors Association. [A Better Bottom Line: Employing People with Disabilities](#). Washington, D.C.: NGA, 2013.

National Employer Technical Assistance Center. [States as Model Employers of People with Disabilities: A Comprehensive Review of Policies, Practices and Strategies](#). National Employer Technical Assistance Center, John J. Heldrich Center for Workforce Development, Rutgers, the State University of New Jersey, 2013.

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