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## **Interrogatories:** How to define Worklife expectancy

Worklife estimates are an essential key when determining lifetime expected earnings loss in cases of permanent, partial disability. Attorneys may be more familiar with other issues associated with loss of earnings including: what *kind* of work can now be performed and *availability* of this work in the client's labor market.

That's just part of the picture. Attorneys need to understand the complete picture. How much work can a client with a permanent, partial disability reasonably be expected to perform *over a lifetime* - worklife expectancy (WLE). Most importantly, how much should the worklife expectancy be reduced for a

person with a permanent, partial disability?

The answer depends upon whether or not the person with a disability is employed, likely to be employed, unlikely to be employed, a longshot for future employment or unemployable.

Let's take the example of a 38-year-old male high school graduate with a two-year-old back injury that restricts him to work of a sedentary or light nature. If he is employed, he is most like the statistically average 38-year-old male with a high school diploma who is "not severely disabled." How do we know this? The probability of employment for such a person is 0.73. How do we know that probability? It is based on U.S. Dept. of Commerce, Bureau of the Census data.

What is the worklife expectancy for this person? 16.5 years or *six years less* than the worklife expectancy for a nondisabled 38-year-old male high school graduate. Let us assume the employed individual earns \$40,000 a year, including fringe benefits. His lifetime loss of earning capacity resulting from reduced worklife expectancy is \$240,000, stated in terms

**WLE of 38-year-old Males by Disability and Education Levels**

<i>Education</i>	<i>Nondisabled</i>	<i>Not Severely</i>	<i>Average</i>	<i>Severely</i>
<12 years	21.0	13.9	4.1	1.4
<b>12 years</b>	<b>22.6</b>	<b>16.5</b>	<b>7.4</b>	<b>1.6</b>
13 to 15 years	23.5	17.8	10.8	2.1
16 years	24.6	19.2	13.5	3.4
All levels	23.0	17.0	7.8	1.7

## Data with Disability Categories Allows More Accurate Worklife Expectancy Estimates

of present value.

What if the individual is unemployed? The answer is . . . it depends. If the unemployed individual is capable of sedentary or light work, and if all other factors pertaining to the potential for employment are equal to the individual who *is* employed, the loss is the same as if the individual *were* employed.

Let's assume the 38-year-old in question is not only restricted to sedentary and light work, but is also without vision in one eye and is limited to work requiring below average manual or finger dexterity. Let us further assume that he's been out of work for five years.

In that case, the most optimistic worklife expectancy would be adjusted to a severely disabled figure of 1.6 years. Severely disabled 38-year-old male high school graduates have a 0.11 probability of being employed.

Under this scenario, the lifetime loss of earning capacity is \$840,000, stated in terms of present value. Included in this number is a statistical acknowledgement that future employment may occur. If the individual were to become *totally* disabled or unable to ever work again, the lifetime loss of earning capacity would be \$904,000, stated in terms of present value.

It is important to remember that persons who are occupationally disabled experience not only a *reduced worklife* but also a *reduction in earnings even when working year-round, full-time*. The

U.S. Dept. of Commerce, Bureau of the Census reports that on average, a disabled male high school graduate earns approximately *\$4,500 less per year* than a nondisabled counterpart. Data for both nondisabled and disabled persons are comprised of year-round, full-time employed persons.

Ongoing research and data clearly indicate that disability, as defined by the government, outweighs sex, race, education, and employment, as the most critical factor in predicting worklife. Worklife expectancy declines dramatically with movement from

**Remember:**  
**persons who are occupationally disabled not only earn less when working full-time but they also experience a shortened worklife.**

nondisabled to disabled status. Severity of disability significantly reduces worklife expectancy.

This holds true for both men and women at all levels of educational attainment. In addition, this same fact has been reported by the U.S. Dept. of Commerce, Bureau of the Census for the 17 years that they have been collecting data on the topic.

Why is worklife expectancy less for persons with a disability? A variety of reasons exist that result in higher levels of unemployment and nonparticipation in the workforce for persons with a disability. It is generally recognized that

persons with a disability experience greater difficulty in obtaining employment when out of work than persons who are nondisabled.

A reduction in labor market access is one reason this occurs. If a blue-collar worker is limited to sedentary or light work, he is now unable to perform over 50% of the jobs classified as unskilled or semi-skilled. This *reduction in labor market*

### Why is worklife expectancy less for persons with a disability?

**Reduction in labor market access is one reason, among many.**

*access* reduces the number of jobs that the individual is capable of performing satisfactorily. Thus, the number of job openings is reduced.

Many entry-level jobs are more physically arduous than the jobs awarded to employees with seniority. For the blue-collar worker, this means that existing jobs are unattainable because of an inability to perform the entry-level job, which may literally present a physical barrier to advancement or to a broader range of employment options.

In addition, research indicates that younger persons with a disability will often experience a worsening of their condition as they age. Early retirement is often the result of the worsening condition for the person with a disability. Such retirement decreases length of worklife.

Not to be overlooked is the reality of employer bias regarding willingness to hire persons with disabilities. The Americans with Disabilities Act was enacted specifically to alleviate the difficulties

experienced by persons with a disability in obtaining employment.

Preliminary research findings pertaining to post-ADA employment patterns for persons with a disability indicate that employment problems are actually worse after passage of the Act than prior to its enactment. Many rehabilitation professionals will relate that employers are more fearful of hiring a person with a disability because of questions and uncertainties surrounding issues associated with “reasonable accommodation” and “essential job functions,” as defined in the Act.

When individuals are unable to obtain employment over an extended period of time, they are likely to stop *trying* to find a job. Rejection is painful. When the pain threshold is reached and the individual no longer seeks employment, he/she becomes a nonparticipant. When this occurs, future probabilities for employment decrease significantly, adding to the reduction in worklife.

### Worklife expectancy as a concept

To understand the concept of worklife expectancy, it may be useful to consider a more familiar concept - *life expectancy*. If a 25-year-old male picks up a government life expectancy table, he will find his life expectancy to be 49.1 years. He may beat the odds, or he may fall short, but the best data available indicate he will probably live until age 74.1 years. Methods also exist for determining how much a worker, including an occupationally disabled worker, can reasonably expect to work over a lifetime. The most advanced product of those methods is *The Worklife Expectancy Tables* used by VEI and

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**Question: Is there a difference between the annual earnings of employed nondisabled vs. employed disabled persons?**

**Answer: Yes.** Table below based on U.S. Dept. of Commerce data.

### Mean Earnings Age 25 to 64 - Adjusted to 1997 Dollars

	Male	Male	Female	Female
Education	Nondisabled	Disabled	Nondisabled	Disabled
<12 years	\$25,546	\$20,637	\$17,556	\$13,942
12 years	34,057	29,621	23,182	20,029
13-15 years	40,716	35,221	27,815	25,221
16+ years	63,482	53,308	40,363	38,860
Bachelors	54,848	46,058	36,286	34,935
Masters	65,323	54,854	44,520	42,863
Doctorate	84,050	70,580	56,750	54,637
Professional	109,443	91,903	69,545	66,956