

## **Changing Labor Markets and Mental Illness: Impacts on Work and Disability**

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### **Key Findings and Policy Implications**

This paper explores trends in labor force participation (LFP) among people with mental illnesses, the time pattern of disability application for people with mental illnesses, and the differences in skill requirements in jobs held by people with mental illnesses, as compared with the general population. It uses data from the National Health Interview Survey (NHIS) for the years 1997-2017 and the O\*NET survey of jobs. The paper finds that:

- There is a clear gradient in labor force participation by severity of mental illness. In 1997-99, women with severe mental illness were only 62% as likely to participate in the labor force as women who reported no mental illness symptoms. Men with severe mental illness were only 53% as likely to participate in the labor force as men reporting no mental illness symptoms.
- The recession disproportionately affected people with mental illnesses. Between 1997-1999 and 2006-2008, the period of the recession, LFP among women declined by 3% for those with mild illnesses, and by 18.1% for those with severe illnesses. Among men with mental health conditions, LFP fell by 7.8% for those with mild illnesses and 17.9% for those with severe illnesses. Among those with more severe conditions, LFP rates have not returned to pre-recession levels.
- SSDI participation has increased over time for all mental health status categories. Between 1997 and 2017, SSDI participation increased from 0.68% to 1.43% for women with no reported mental illness, from 2.31% to 4.14% for women with mild mental illnesses, and from 6.41% for women with severe mental illnesses. For men, the increases were from 0.65% to 1.60% for those with no reported mental illness, from 2.27% to 3.75% for those with mild mental illnesses, and from 5.53% to 12.26% for those with severe illnesses.
- The occupations with the highest concentration of people with a mental health condition are office workers, sales, production, management, construction and food preparation. Several of these occupations (office, sales and construction) experienced markedly declining shares of the labor force over the 20 years of observation.

The findings suggest substantial and growing impact of mental illness on labor market outcomes, driven in part by the last impact of the Great Recession, and in part by the changing skill demands of the labor market.

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This research was supported by the U.S. Social Security Administration through grant # RDR18000003-01 to the National Bureau of Economic Research as part of the SSA Retirement and Disability Research Consortium. The findings and conclusions expressed are solely those of the author(s) and do not represent the views of SSA, any agency of the Federal Government, or the NBER.