**QTP Proposal**

**Health, Disability and Financial Well-Being during the Pandemic**

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**Abstract**

COVID-19 and the related lockdowns have had mixed effects on people’s financial well-being. For some, spending constraints and assistance payments, combined with debt forbearance and a surging labor market, had positive effects. Other workers dropped out of the labor force and may face challenges as benefits and forbearance periods end, and savings are spent down. There has not been a spike in applications for disability since the pandemic began, although health issues might have impeded more people from being able to work. On the other hand, tight labor markets and employers willing to accommodate special needs may reduce the impact of the pandemic for people who are on the edge between disability and work. This study will use recent data from the SHED, NFCS and Pulse surveys—all timely surveys—to better understand changes in health, labor market status, and financial wellbeing over the pandemic.[[1]](#footnote-1)

**Research Questions:**

1. Has the rate of people reporting health-related impediments to work changed from 2018-2022? Are there sub-groups by age, education, gender or race who have larger shifts in work-limiting health issues?
2. How have reported work statuses shifted over this period, again by age, education, gender and race? How does this relate to disability or retirement claims versus simply withdrawing from the labor force?
3. Do proxy measures of financial well-being, security and hardships show that the relative financial condition of households has weakened more for people who have health and disability risk, or has the pandemic largely raised financial well-being for this population?

**Aims:**

1. Document health and work status across datasets (SHED, NFCS, Pulse) from 2018-2021/22.
2. Develop proxy measures of financial well-being across the three datasets. These include income, consumption hardships and health care utilization, among other measures.
3. Compare health, labor market and well-being status across datasets over time for those who do and do not report work limitations due to disability. Where possible, investigate this change by sub-populations (age, education, gender and race) as well.

**Datasets:**

The Federal Reserve Board’s Survey of Household Economics and Decisionmaking (SHED) is a nationally representative annual survey. Across the 2018, 2019, and 2020 surveys, there are 35,137 respondents. In addition to the three years described, the SHED has a 2020 April supplement that aimed to capture information about household financial well-being at the start of the pandemic. The 2021 data are set to be released in Spring of 2022. While the primary SHED data are repeated cross-sections, there is a panel component that can sometimes be used for a subset of respondents. However, since we are particularly interested in households where an adult with disabilities resides, it is unlikely we will have enough power in the panel data.

The SHED data contain many important financial variables. For the 2019 and 2020 surveys, we can use the CFPB’s 5-item Financial Well-being Scale. We can track questions on how well households are managing finance through other subjective measures (e.g., how well are you managing your finances, are you better/worse off than your parents at your age) and objective measures (use of alternative financial services). To define work limitations, we use two variables: (1) *D21\_d* tells us whether or not someone did not work for pay or profit due to a health limitation or disability and (2) *ppwork* tells us if someone was not working due to disability. The data further contain all important demographic characteristics: education, race/ethnicity, gender.

The FINRA Investor Education Foundation’s National Financial Capability Study (NFCS) is a nationally- and state-representative repeated cross-sectional survey conducted every 3 years. The NFCS includes a battery of questions related to the financial well-being of adults. The data began in 2009, with the most recent available survey representing 2018; the 2021 data will be released Spring of 2022. The 2018 survey includes 27,091 respondents.

The NFCS represents disability status through their work status variables, where one option is “permanently sick, disabled, or unable to work.” Further, the survey contains the CFPB’s 5-item financial well-being scale, as well as questions on emergency savings, self-reports of one’s credit record, contact from a debt collection agency, and use of alternative financial services.

The Census Bureau fielded the Household Pulse Survey (Pulse) during the pandemic to track household well-being. These surveys started in April of 2020—maintaining a short panel for each respondent—and continue to be conducted. The surveys have gone through phases and questions have changed over time. The questions regarding disability status are broader than the first two surveys, where after being asked about work, individuals can say that they did not work last week because they are/where sick (not with coronavirus) or disabled. A benefit to the Pulse data is it captures more variation in financial shocks that happened recently, as opposed to retrospective over the last year. The Pulse also measures reports of not accessing or delaying access to health care and mental health, both of which may be a factor for disability claims and documentation.

**Methods:**

This work is intended to be descriptive in nature but informative of trends in how the pandemic has affected individuals who suffer from work limitations. Trends will be shown using visuals, cross tabulations and correlations and conditional means with error terms. The three datasets outlined above will be analyzed to track financial outcomes across individuals who do and do not report having work limitations/disabilities.

**Deliverables:**

The main deliverables for this project will be: (1) a report detailing our findings and (2) a policy brief with the main graphics from the analysis.

**Budget (subject to revision):**

MSU

1 month summer (with 22% fringe): $17,531

Research Assistant (with fringe): $12,600

MSU Indirect (44%): $13,258

UW

PA Summer salary and expenses: ~ $7,000

UW Indirect of total (55%): TBD

Total: ~75-90,000

1. Generally, we would consider 2019 a pre-pandemic period. 2020-2021 would be the main impacts of the pandemic. Pulse data continue into 2022, although we hesitate to label this as “post-pandemic”. [↑](#footnote-ref-1)