

Department of Economics
2024-2025
Seminar Series



Monday, April 14, 2025
12:30 PM-1:50 PM
SBS, Room N603

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Firm Accommodation After Disability: Labor Market Impacts and Implications for Social Insurance

Abstract: This paper studies the labor market impacts of firm accommodation decisions and assesses implications for the design of social insurance for workplace disability. We leverage a unique workers' compensation (WC) program in Oregon that provides wage subsidies to firms for accommodating workers with workplace disabilities. Leveraging rich administrative data and a policy change to the wage subsidy, we show that accommodation rates respond to the subsidy rate and that receipt of accommodation leads to a significant increase in employment and earnings a year later. To explore welfare implications, we develop and estimate a frictional labor market model of accommodation as a form of human capital investment. Worker turnover and imperfect experience rating in WC lead to under-accommodation and inefficient labor market outcomes after workplace disability. Counterfactual simulations show that subsidizing accommodation not only improves long-run labor market outcomes of workers experiencing work-related disability but also leads to welfare gains for most workers. With Naoki Aizawa & Stephanie Rennane.

All in-person seminars will be held in the Social and Behavioral Sciences Building, Room N603. For additional information, contact the seminar organizers: Profs. Chang Liu & Eva Carceles-Poveda. Visit our webpage for additional information: stonybrook.edu/economics.

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