

Highlighting New Poverty Research

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"Psychiatric Disorders and Labor Market Outcomes: Evidence from the National Latino and Asian American Study," published in *Health Economics*, Vol. 16: 1069-90 (2007)

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The West Coast Poverty Center's "POVERTY RESEARCH FLASH" highlights new research by Center faculty affiliates and others on causes, consequences, and effective policy responses to poverty, with an emphasis on changing labor markets, demographic shifts, family structure, and social and economic inequality. More information about the West Coast Poverty Center is available from our website: www.wcpc.washington.edu

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Psychiatric Disorders and Labor Market Outcomes: Evidence from the National Latino and Asian American Study

Background. Psychiatric disorders and mental distress affect individuals but can also have broader impacts on the labor force and on economic productivity. At the individual level, prior research has shown that psychiatric disorders are associated with disrupted employment and lower earnings among, both of which could lower a family's level of economic well-being. At the societal level, mental health issues could influence worker productivity, the labor supply, and overall economic output. Because ethnic groups may vary in their levels of cultural and economic resources for dealing with mental health issues and in their exposure to various types of work-related stressors, it is possible that the impacts of mental health issues on work outcomes might be manifested differently across groups. However, because of small nonwhite sample sizes and limitations to English-speaking respondents, prior research has been unable to address this issue.

Methods. Using a nationally-representative sample of over 4,000 Latino and Asian American adults from 2002-2003, WCPC Affiliate David Takeuchi and his coauthors use ordinary least squares regression and probit models to explore the direct effects of recent psychiatric disorders and mental distress on labor market outcomes (current employment, the number of weeks worked in the past year, and absenteeism in the past month), including how these effects might vary by ethnicity and gender. The authors control for background demographic characteristics, physical health, and state-level labor market conditions. Because the authors are interested in the direct effect of psychiatric disorders on current employment experiences, they also control for lifetime experience with psychiatric disorders.

Findings. Being diagnosed as having had an affective, anxiety, or substance abuse disorder within the last year was generally associated with a reduction in the likelihood of current employment for Latino and Asian men and women, although the size and the robustness of these effects varied across groups. Among Latino men, having any of these psychiatric disorders in the year prior to the survey was associated with an 11 percentage point decrease in the likelihood of being employed; for Latino women, the study found a 22 percentage point decrease. Among Latinos, recent psychiatric disorders were also associated with a higher likelihood of reporting an absence from work in the past month, but were not associated with the number of weeks worked in the past year. These effects for Latinos were relatively stable across various specifications of the model and are similar to the impacts found among primarily white populations. Among Asian American men and women, psychiatric disorders had less consistent effects on employment outcomes across models, suggesting that the relationship between psychiatric distress and employment outcomes may be mediated by other factors among this population. When the authors distinguished between temporary spells of unemployment and being out of the labor force, they found that psychiatric disorders are associated with being out of the labor force among Latino men and women, but not among Asian men. Overall, these findings suggest that addressing existing ethnic disparities in access to treatment for mental health issues could be another way to improve labor market outcomes for ethnic minority populations.

Poverty Research Flash

The West Coast Poverty Center serves as a hub for research, education, and policy analysis leading to greater understanding of the causes and consequences of poverty and effective approaches to reducing it in the west coast states. The Center, located at the University of Washington, is one of three regional poverty centers funded by the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (ASPE). More information about the West Coast Poverty Center is available from our website: www.wcpc.washington.edu

Poverty Research Flash 2008-06

Psychiatric Disorders and Labor Market Outcomes: Evidence from the National Latino and Asian American Study

New research from David Takeuchi, Pinka Chatterji, Margarita Alegria, and Mingshan Lu.

Key findings:

- In a national sample of Asian Americans and Latinos, 14 percent of Latino males and 17 percent of Latino females reported an affective, anxiety, or substance abuse disorder in the 12 months prior to the survey. Among Asian American men and women, the corresponding rates were 9 and 10 percent, respectively.
- Among Latino men, having a psychiatric disorder in the year prior to the survey was associated with an 11 percentage point decrease in the likelihood of being employed; for Latino women, the study found a 22 percentage point decrease.
- Recent psychiatric disorders were also associated with a higher likelihood of reporting an absence from work in the past month among Latinos, but were not associated with the number of weeks worked in the past year.
- Among Asian American men and women, the effects of psychiatric disorders on employment outcomes were inconsistent across models, making conclusions about their relationship difficult.

For more information about this study, see inside.