

Use Of Statistics Canada 2001 Participation And Activity Limitation Survey (PALS) Data To Determine The Impact Of Disability On Earnings

Based on information provided by Statistics Canada, Rich Rotstein has constructed a database model to replicate PALS results as to the average residual earning capacity of a partially disabled individual by age, type and level of disability, highest level of education, and gender

The 2001 Participation and Activity Limitation Survey ("PALS") is a post-census national survey and a more sophisticated successor to the 1991 HALS survey. According to the PALS user guide, the survey was designed to collect information on disabled persons, with disability defined on the basis that everyday activities are limited because of a condition or health problem.

In its 2001 PALS Survey, Statistics Canada attempted to measure the impact of disability on future earnings based on a variety of factors including the type and severity of disability, age, gender and highest level of educational attainment.

A synopsis of average individual earnings by disability status, age and sex is as follows:

PALS Survey, Average individual earnings by disability status, age and sex, Canada, 2001			
Total Men and Women	Total Population	Adults with Disabilities	Adults without Disabilities
Total aged 15 and over	\$31,731	\$26,760	\$32,085
Aged 15-24	\$10,169	\$9,082	\$10,203
Aged 25-54	\$36,317	\$28,804	\$36,837
Aged 55-64	\$36,509	\$26,672	\$38,128
Men	Total Population	Adults with Disabilities	Adults without Disabilities
Total aged 15 and over	\$38,267	\$32,385	\$38,677
Aged 15-24	\$11,373	\$9,381	\$11,431
Aged 25-54	\$43,715	\$34,536	\$44,312
Aged 55-64	\$45,086	\$33,475	\$47,081
Women	Total Population	Adults with Disabilities	Adults without Disabilities
Total aged 15 and over	\$24,507	\$20,821	\$24,776
Aged 15-24	\$8,884	\$8,806	\$8,886
Aged 25-54	\$28,326	\$23,302	\$28,697
Aged 55-64	\$24,695	\$16,406	\$25,977

Source: Statistics Canada (September 2003), *2001 Participation and Activity Limitation Survey Special Tabulation*.

The results of the PALS survey demonstrated that a partially disabled worker is on average:

- more likely to be unemployed at any point in time when compared to a similarly qualified able-bodied worker,
- when working, likely to earn less than that earned by similarly qualified workers without disabilities, and
- more likely to be outside the workforce at any point in time, and faces an increased risk of forced early retirement.

Furthermore, the impact of disability on earnings:

- varies in line with the severity of disability, and
- is greatest in the case of older workers, and those with lower levels of education.

Depending on the type and severity of disability, Statistics Canada classifies partially disabled persons as mildly, moderately, severely or very severely disabled.

The use of PALS disability data to determine the average earnings of partially disabled workers has been referenced in the following two Alberta decisions:

In *Dabrowski v Robertson* [(2007) ABQB 522, (Canlii)] Madam Justice Veit wrote:

“In dealing with future loss of income, the court would have accepted Mr. Dabrowski’s economist’s reliance on a HALS/PALS analysis to predict that, between the trial and his retirement, Mr. Dabrowski would likely have suffered some reduction of income because of his disability even though he has not yet experienced an impairment in his earning capacity.”

“The statistical analysis on which HALS/PALS is based establishes that it is probable that persons with disabilities will suffer some employment deficits over the course of their working careers.”

In *Gerlitz v Lee* [(2007) ABQB 495 (Canlii)] Madam Justice Bensler wrote:

“Mr. Gerlitz’s place in the HALS/PALS framework has been determined solely on the basis of his own self-reporting on a questionnaire.”

Additionally, Madam Justice Bensler also criticized the fact that the PALS data had been applied to business income in the case of a self employed plaintiff, as opposed to individual earning capacity.

Based on the above noted judicial comments, it is suggested that the PALS questionnaire be completed by interview with an occupational therapist or other vocational expert, as opposed to being based on self reporting. This is relatively easily accomplished by having the PALS questionnaire completed at the same time as the care needs assessment.

At Rich Rotstein, based on information provided by Statistics Canada, we constructed a database model, which replicates the PALS results as to the average residual earning capacity of an individual by age, type and level of disability, highest level of education and gender. This model improves on other economic models by including a highest level of education factor, thereby incorporating an additional variable specific to an individual plaintiff.

A PALS analysis is particularly useful where one knows very little about how a disability will affect a person's future employment and earnings. For example, PALS is useful in those instances:

- where a partially disabled Plaintiff has returned to his or her pre Accident employment, possibly in a benevolent employment environment, and has no immediate or past income loss,
- in conjunction with, and to verify the reasonableness of a vocational assessment,
- when a vocational assessment has not been completed and the impact of disability on earnings is unclear,
- when attempting to assess the impact of partial disability on either a relatively young person who has not yet entered the labour force, or an injured worker who has, to date, not returned to the labour force,
- when attempting to assess the losses of a Plaintiff who has been outside of the labour force for many years, possibly due to parenting responsibilities, and who has not yet attempted to re-enter the labour force, and
- to indicate that a partially disabled individual is, in all probability, capable of mitigating his or her losses through future earnings.

The steps involved in performing a PALS analysis are as follows:

1.	Sections A through D of The Statistics Canada PALS Questionnaire (Form 02, available as a download from our website www.richrotstein.com/information.html) should be completed through client interview by a vocational expert
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2.	The completed questionnaire should be sent to Rich Rotstein for scoring and the preparation of an income loss report
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3.	A residual earning capacity range will be determined based on: age, highest level of education, type and level of disability, and gender

In conclusion, it is possible that the PALS methodology will be accepted in Ontario in place of or in addition to a vocational assessment, particularly in circumstances where the level of partial disability or its impact on future earnings is difficult to determine. Additionally, the analysis is useful in those circumstances where average earnings data represents your best guide as to future earning capacity. By using a standardized methodology to determine level of disability, PALS represents an important additional tool in determining the impact of partial disability on future earnings.

