The United States Disability System and Programs to Promote Employment for People with Disabilities

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Abstract

This paper examines the role of employment-focused policies within the US disability system and summarizes findings from several rigorous evaluations of return-to-work supports targeted to people with disabilities. Several empirically validated approaches to providing return-to-work services to people with disabilities in the United States offer lessons on promising practices. The use of rigorous evaluation methods, and in particular random assignment designs, have been influential in convincing policy makers and practitioners of the effectiveness of alternatives to traditional approaches. However, more work still needs to be done if policy makers are truly interested in promoting employment, particularly given that many employment interventions have gone untested and most US disability programs include major work disincentives. Systematic tests of broader rehabilitation and disability support approaches could be potentially helpful in addressing some of the limitations in the current system.
INTRODUCTION

In the United States, there has been increasing interest in identifying interventions to promote employment for people with disabilities, especially for those receiving cash benefits from disability programs. This interest reflects a public shift in perception that disability policies and programs should promote work opportunities, as well as a desire by policymakers to identify policies that can stem the caseload growth for disability benefits.

However, a major challenge is the lack of information on effective intervention strategies that can be implemented on a broader scale. Testing interventions at a broad scale is difficult because the US disability system includes a fragmented set of cash and other supports that does not have a clear emphasis on employment (Wittenburg and Favreault 2003). While employment supports are available to some who receive benefits from the programs within this system, there is relatively limited empirical evidence on the effectiveness of many of the employment services currently offered. The need for identifying more effective employment strategies is becoming increasingly important given the increasing number of people who receive disability cash benefits and the general declines in employment rates (Burkhauser, Houtenville, and Wittenburg 2003).

This paper examines the role of employment-focused policies within the US disability system and summarizes findings from several rigorous evaluations of return-to-work supports targeted to people with disabilities that have been influential in developing best practices. The findings are based on a review of the key programmatic features of US disability programs as they relate to employment and a summary of findings from rigorous evaluations of employment interventions for people with disabilities.

Our findings provide important insights on the evolution of US employment supports for people with disabilities that should be of interest to policy makers in the United States and other
countries. A key lesson is the importance of using rigorous evaluation findings to convince a broad audience on the effectiveness of alternative service approaches and to develop best practices.

The paper begins by providing contextual information on how employment support programs operate within the broader system of disability supports in the United States. We then briefly describe the evolution of disability policy, which has been an important factor in the willingness of policy makers to seek tests of alternative approaches to employment services in more integrated environments. Next, we describe the findings from rigorous evaluations of return-to-work interventions that have been tested over the past several decades and some ongoing innovative demonstration projects that are currently in the field. We conclude with a summary of the US experiences in providing employment supports and discuss the potential lessons for other countries in implementing these programs.

OVERVIEW OF US DISABILITY PROGRAMS

The US disability “system” includes several public and private programs that offer services and supports to different groups of people with disabilities. These programs evolved at different points in the US history to provide cash and other supports, including cash benefits, rehabilitation assistance, and other specialized services (for example, assistive technologies).

Within this system, the largest disability cash transfer programs include the Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) programs administered by the Social Security Administration (SSA) (see Table 1). These two programs represent the primary cash benefit programs available to the general public, and in 2006, there were 8.7 million SSDI beneficiaries and 6.0 million blind and disabled SSI beneficiaries (SSA, 2008a). The SSDI and SSI programs have important implications for the way employment supports are delivered to people with disabilities in the United States because a large portion of the population
TABLE 1
MAJOR UNITED STATES PROGRAMS FOR PEOPLE WITH DISABILITIES

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
<th>Target Population</th>
<th>Number of Participants</th>
<th>Funding Source</th>
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<tr>
<td><strong>General Cash Disability Programs</strong></td>
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<tr>
<td>Social Security Disability Insurance (SSDI)</td>
<td>Program to insure workers and their dependents against loss of income due to disability. Payments are based on individuals’ lifetime average earnings covered by Social Security. Spousal and children’s benefits are subject to family maximum.</td>
<td>Adults with disabilities with sufficient SSDI-covered earnings history and their dependents (spouse, children)</td>
<td>6.8 million workers, 0.2 million spouses, 1.7 million children (2006) (SSA, 2008)</td>
<td>Federal (payroll taxes)</td>
</tr>
<tr>
<td>Supplemental Security Income (SSI)</td>
<td>Means-tested program (with both income and asset screens) to provide monthly cash income to people under 65 who are blind or disabled.</td>
<td>Blind people and people with disabilities of any age with limited income and assets</td>
<td>Federal and state blind and disabled: 6.0 million (Dec. 2006) (SSA, 2008)</td>
<td>Federal (general revenues), state fund supplement</td>
</tr>
<tr>
<td><strong>Other Disability Support Programs for Specific Subpopulations</strong></td>
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<tr>
<td>Workers’ Compensation</td>
<td>Cash payments, rehabilitation services, and medical benefits provided by employers to workers who suffer work-related injuries or diseases and to their survivors (in case of fatality). Optional in Texas only.</td>
<td>People who suffer work-related injuries and diseases or their survivors</td>
<td>Unavailable$^b$</td>
<td>Employer premiums, though some employers self-insure</td>
</tr>
<tr>
<td>Department of Veterans Affairs (VA) Programs</td>
<td>Programs including disability compensation payments and veterans’ pensions that provide payments to people age 65 or older or less than 65 and disabled who served in the military. Means-tested if disability is not service-related.</td>
<td>Veterans of military service that are over 65 or disabled</td>
<td>2.9 million veterans receiving disability compensation (December 2007) (US VA, 2008)</td>
<td>Federal</td>
</tr>
<tr>
<td><strong>Return-to-Work Support Programs</strong></td>
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<tr>
<td>State Vocational Rehabilitation (VR)</td>
<td>Program intended to help people with physical and mental impairments to work by providing services including medical and therapeutic services, counseling, education, training, and job placement assistance.</td>
<td>Adults with physical or mental impairments who are able to benefit from VR services</td>
<td>Served 1.4 million consumers (2004) (US Dept. of Education, 2007)</td>
<td>Federal-state match (match requirement is 21.3 percent)</td>
</tr>
<tr>
<td>State Workforce Development Systems</td>
<td>Program mandated by the Workforce Investment Act of 1998 that requires states to integrate job training, adult education and literacy, and VR programs into a one-stop delivery system.</td>
<td>All adults and youth who meet state-determined criteria</td>
<td>20,000 adults with disabilities and 23,800 youth with disabilities exited WIA services (2005) (SPRA, 2007)</td>
<td>Federal-state match</td>
</tr>
</tbody>
</table>

Source: Adapted from Wittenburg and Favreault (2003).
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SSI also provides benefits to those age 65 and older with limited incomes, and children under age 18 who meet specific disability and income requirements.

National beneficiary estimates are not available because of how workers’ compensation data are managed; for an overview, see Sengupta et al., 2007. In 2005, 128.1 million workers were covered under workers’ compensation (SSA, 2008).
with disabilities receives these cash benefits and, hence are influenced by the eligibility requirements that focus on an inability to work. Other programs that provide benefits to specific subpopulations based on their injury on the job or civilian status include the Workers Compensation program (injured workers) and the Veterans Affairs program (veterans with disabilities).

Employment supports for persons with disabilities are provided with funding from a variety of state and federal agencies, and by a large network of public and private rehabilitation providers, which leads to a fragmented approach to providing services to people with disabilities. The Vocational Rehabilitation (VR) program funds the primary employment support programs for people with disabilities, which provide supports to the general population with disabilities. In 2004, the VR program served 1.4 million people with disabilities (US DOE, 2007).

While public and private rehabilitation providers attempt to serve a broad target population of people with disabilities, the amount spent on these programs is relatively limited in comparison to the amount spent on cash supports. According to the US Government Accountability Office (2005), only 2 percent of the costs of the entire disability system are spent on programs that provide employment services, while most funds involve income support services (such as SSDI).

Below, we describe the challenges of promoting employment opportunities for people with disabilities given the structure of the primary cash support programs and the lack of coordination among employment support programs in the United States. These programmatic features

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1 Some people with disabilities also might receive services from the state Workforce Development System. The state Workforce Development System established One-Stop Centers throughout the United States to promote education, vocational training and supports, and employment for the general public, including people with disabilities. However, according to Golden, Zeitzer, and Bruyère (forthcoming), there have been challenges to providing services to people with disabilities through One-Stop Centers and the services provided through these centers to persons with disabilities has been has been limited.
A. Primary US Disability Support Programs Administered by the SSA Emphasize Inability to Work

The SSA administers the SSDI program, which is a social insurance program designed to replace the lost wages of adult workers with disabilities, and the SSI program, which is an income maintenance program for low-income adults with disabilities, using the same administrative disability assessment process to determine whether an applicant:

- Has a medically determined disability expected to last at least 12 months or result in death
- Was unable to engage in “substantial gainful activity (SGA),” which was defined as earnings above $900 in 2007 for all nonblind disability applicants ($1,500 was the limit for blind disability applicants).

The process of establishing eligibility has important implications for the applicant’s employment decision because of the emphasis on providing an inability to engage in SGA and the length of time to process the application. During this process, applicants must provide SSA with extensive medical and, in some cases, vocational documentation about their impairment. According to the Social Security Advisory Board (2006), initial disability determinations take an average of 120 days. However, most initial determinations are rejected, and a substantial portion of these determinations is appealed, which can further lengthen the application process for benefits. Consequently, the application for benefits alone is likely to lead to a substantial period of time outside of the workforce where an applicant is trying to prove an inability to work.

Despite the long application process, there is a strong incentive for many people with disabilities to apply for benefits because these programs provide access to medical coverage through publicly funded programs. This access is especially important because the United States
lacks a universal health coverage system and relies on employer-based health insurance to cover most working-age individuals.\(^2\)

Several programmatic rules for continuing eligibility also create challenges for promoting employment among SSDI and SSI beneficiaries and, according to Stapleton et al. (2006), create a “poverty trap” where people continue to receive benefits with little hope of returning to work. First, beneficiaries maintain their eligibility as long as they meet SSA’s disability criteria (noted above). These low expectations cause participants to feel dependent on these programs and unable to participate fully in society. Additionally, the low expectations for work also influence the expectations of program administrators who administer the benefits and the rehabilitation providers who provide employment supports to these populations. Second, SSDI and SSI beneficiaries both risk the loss of benefits and health care coverage for excess earnings. While both programs include some incentives that allow the beneficiaries to retain some earnings, the level of earnings that allows beneficiaries to maintain benefits is not enough to help them rise out of poverty, thereby creating a disincentive to work. The decision to return to work is particularly challenging for beneficiaries who receive supports from other programs, such as food assistance, that have their own program eligibility rules regarding employment and benefit receipt.

The program eligibility rules contribute substantially to the long program durations and the relatively limited number of beneficiaries who leave the rolls. According to the Social Security Advisory Board (2006), the average program duration for a person receiving SSDI or SSI

\(^2\) Medicaid and Medicare are the two largest public health insurance programs, available to low-income individuals and to the elderly, respectively. SSI beneficiaries (in most states) are categorically eligible for Medicaid and SSDI beneficiaries are eligible for Medicare after a two-year waiting period. Although there are eligibility and health coverage differences between Medicare and Medicaid, both provide an important source of health care coverage to offset potentially expensive medical costs and so can be more valuable in dollar terms than the actual cash benefits from SSDI and SSI.
benefits at age 20 was approximately 20 years. The observed rates of exits from the SSDI and SSI programs are currently under 0.5 percent (Berkowitz 2003).

**B. Employment Supports Are Generally Limited Relative to Other Programs**

The challenge in promoting employment outcomes for people with disabilities is further complicated by the lack of a universal system for providing these employment supports, which in many cases, are combined with other types of services, such as institutional care, where competitive employment is not the primary objective of the service provider. Employment supports for people with disabilities are delivered through a complex network public of and private rehabilitation service organizations who offer different types of services (Wehman, Revell, and Kregel, 1998). The VR program provides a major source of funding to many of these organizations, though other state agencies, especially those that serve specific impairment groups, such as people with mental retardation, also provide financial support for services.

Several types of employment service providers operate employment support programs that vary in size. Some providers, such as freestanding employment providers, focus primarily on the delivery of employment supports, whereas other providers, such as community rehabilitation programs, provide more intensive residential and employment supports, including day programs and sheltered employment options where people with disabilities are served in more segregated settings.

The target population for services generally includes any individual who has a work limitation and who can benefit from VR services to achieve an employment outcome, although the ability to provide services to serve all people with disaiblities is limited by VR funding avaialbility. State VR agencies give priority to serving people with significant disabilities, including those who receive SSDI and SSI benefits. When an agency does not have enough funding, they use a waiting list process called order of selection, where cases are prioritized

The use of VR services is relatively limited in comparison to the size of the SSA disability programs, which might reflect the limited funding for VR services and the relatively lower demand for these supports in comparison to cash benefits. For example, only 4.8 percent of all SSA disability beneficiaries ages 18 to 57 participated in VR during at least one month in 2001 (Thornton et al., 2007). According to Hayward and Schmidt-Davis (2003), the majority of VR participants do not receive disability transfer benefits SSDI, SSI, or Workers Compensation.

C. Comparisons to Western European Programs

In comparison to the United States, Western European disability programs tend to have a more integrated approach to assessing eligibility for disability benefits that provides more options for pursuing employment services. Golden, Zeitzer, and Bruyère (forthcoming) claim that policymakers in many Western European countries saw the creation of public disability programs as a natural and needed support for workers whose condition was not work related. For example, Germany, France, Belgium, Sweden, the Netherlands, and others have programs in which an applicant might be partially or temporarily incapable of working full-time due to a disabling condition that was not work related. These programs place more emphasis on encouraging work to the degree possible and compensate for the loss of capacity or earnings up to a maximum ceiling. The result is a focus on remaining function that intends to maximize labor force participation and promotes social inclusion.

The lack of a universal national health insurance program also distinguishes the safety net of supports for people with disabilities in the United States from that of other countries. The availability of health coverage is an important factor in considering employment policies for people with disabilities, as access to public health coverage programs is generally linked with
eligibility for disability programs. The coupling of health coverage and cash supports creates important incentives for people with disabilities to apply for and remain eligible for disability programs. In contrast, in countries where health coverage is universal, such as the United Kingdom and France, a person’s decisions about returning to work, applying for benefits, or leaving the benefit rolls is not influenced by a need to retain health coverage.

**EVOLUTION OF DISABILITY POLICY AND EMPLOYMENT SUPPORTS**

In the United States, there has been a long-standing debate on the best mechanism to provide employment services to people with disabilities, starting with the establishment of the SSDI program in 1956 (SSI was not established until 1972) (Berkowitz, 2003). Policymakers were divided over whether to make SSDI simply a cash transfer program or to create a link between SSDI and VR, thereby emphasizing the return-to-work nature of the program. Consequently, they developed a compromise on the rehabilitation issue, and the SSDI program started with a cautious link to VR.

The debate over the provision of employment services to people with disabilities has been complicated by different objectives in providing supports to people with disabilities, especially by SSA and VR agencies (Berkowitz and Dean, 1996). SSA representatives have worked within a framework that generally viewed disability as a cause for early retirement. In contrast, VR representatives have worked within a framework that generally viewed disability as a condition that could be remedied.

Most early disability policy initiatives provided medical, housing, and social supports to people with disabilities in institutional settings. Within this arrangement, most traditional rehabilitation approaches emphasized employment opportunities in more segregated settings, such as sheltered workshops.
However, the past several decades have witnessed increasing momentum for laws, policies, and programs that promote the integration and inclusion of persons with disabilities into the mainstream, which has also influenced perceptions on how to provide employment services (Follette Story, Mueller, and Mace, 1998). Initial legislative efforts for people with disabilities in the 1950s and 1960s focused on reducing physical barriers to participation in daily living. Policies then followed over the next several decades to further emphasize the importance of integrating people with disabilities into all social activities. The Americans with Disabilities Act of 1990 (ADA) represented the most comprehensive civil rights policy that prohibited discrimination in employment, telecommunications, and access to places of public accommodation, services, programs, and public transportation. The ADA serves as the key piece of antidiscrimination legislation and, equally important, is emblematic of many current US disability policies that seek full inclusion in daily life for people with disabilities. Over this same period, there has been a movement away from providing institutional residential care to people with disabilities and toward service delivery in more integrated areas. A major part of this change has been the longer-term trend toward deinstitutionalization, which has resulted in fewer patients in large public residential institutions.

Technological advances also changed rehabilitation approaches as new innovations created new pathways for inclusion. A particularly important development was the creation of assistive

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3 In 1973, policymakers instituted the first civil rights legislation for people with disabilities in Section 504 of the Rehabilitation Act of 1973, which made it illegal for federal agencies, public universities, federal contractors, and any other institution or activity receiving federal funds to discriminate in hiring on the basis of disability. Several initiatives then followed that further expanded education, independent living, employment, and housing opportunities for people with disabilities over the next two decades. These changes included the Education for Handicapped Children Act of 1975 (now referred to as the Individuals with Disabilities Education Act), which guaranteed a free, appropriate education in the least restrictive environment for all children with disabilities, and the Fair Housing Amendments Act of 1988, which required accessible housing units be created in all new multifamily housing with four or more units, both public and private, not just those that received federal funds.
technologies, including personal devices, such as readers, to assist people with physical and cognitive impairments.

The aforementioned political, medical, and technological movements directly influenced the development of alternative tests to the more traditional employment options provided to people with disabilities in segregated settings. During the late 1970s and early 1980s, the concept of “supported employment” emerged as an alternative to sheltered workshops, which emphasized competitive work with the integration of more on-site supports. An increasing emphasis was placed on vocational training approaches that encouraged competitive employment, especially for adults with mental retardation and development disabilities (Rusch and Mithaug, 1980; Wehman, 1981).

Despite the interest in developing new approaches, limited information exist on the effectiveness of alternative employment support models. Unfortunately, most employment service approaches in the field have gone untested on a broader scale and evaluated. Hence, policy development in this area has been slow to develop because of the difficulties in building consensus on best practices in the lack of rigorous evidence.

However, according to Rangarajan et al. (2008), there are two general exceptions to the imprecise empirical evidence that have been very informative in developing best practices. The first, and largest, includes evaluations of initiatives that have targeted volunteers who receive cash benefits, especially SSDI and SSI benefits. The second includes evaluations of supported employment programs that have been tested as alternatives to traditional vocational supports for volunteers with psychiatric impairments. The distinguishing features of these initiatives were that their implementation was well documented for a large sample of participants and rigorous methods were used to assess outcomes. The result was that the findings provide credible
evidence on the efficacy of a limited number of intervention approaches that could be readily agreed upon by a broad policy audience.

RIGOROUS TESTS EXIST OF ALTERNATIVE RETURN-TO-WORK SUPPORTS IN THE UNITED STATES

Table 2 presents a summary of the interventions and findings from the studies reviewed in Rangarajan et al. (2008). The types of interventions and target populations differed across the return-to-work initiatives in their review, though all initiatives targeted competitive employment as an outcome of interest. With one exception, all of the evaluations selected for review included a random assignment design where potential participants were randomly assigned to a control or treatment group. The one nonexperimental study included in their review was an evaluation of the largest federally funded US return-to-work program for people with disabilities, which they included because of the large scope of the program and its administrative and survey data collection activities.

A. Findings from Large-Scale Return-to-Work Initiatives that Targeted SSDI and SSI Beneficiaries

The largest US tests of return-to-work supports for people with disabilities have emphasized more-integrated approaches targeting people who receive SSDI and/or SSI. SSDI and SSI beneficiaries are a natural target population for services because they represent the largest US federally funded cash transfer programs for people with disabilities, and, as noted above, their use of VR services has traditionally been limited.

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4 Rangarajan et al. (2008) also examined interventions offered through welfare programs that serve low-income mothers. The one evaluation they reviewed provided employment supports to low-income mothers in welfare programs with health populations rather than employment supports for people with disabilities more broadly. For this reason, we exclude this study from our review here.
### TABLE 2

INTERVENTION DESCRIPTION AND KEY FINDINGS

<table>
<thead>
<tr>
<th>Demonstration (Evaluation Report)</th>
<th>Evaluation Design</th>
<th>Intervention Description</th>
<th>Target Population/ Sample</th>
<th>Summary of Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structured Training and Employment Transitional Services (STETS) (Kerachsky and Thornton, 1987)</td>
<td>Random assignment demonstration implemented between November 1981 and December 1982 in five US cities.</td>
<td>Intervention consisted of three phases of work interventions: (1) an introductory work exposure period, (2) actual employment with on-the-job training (or supported employment), and (3) postemployment followup and job supports.</td>
<td>Included 467 youth ages 18 to 24 who had IQ scores between 40 and 80 (many of whom received SSI and/or SSDI benefits).</td>
<td>After 22 months, treatment group members had an employment rate that was 63 percent higher and earnings that were 74 percent greater than those of control group members. STETS had a small but significant reduction in the receipt of cash disability benefits.</td>
</tr>
<tr>
<td>Transitional Employment Training Demonstration (TETD) (Decker and Thornton, 1995)</td>
<td>Random assignment demonstration implemented between 1985 and 1987 in 13 demonstration communities.</td>
<td>Intervention included job placement, on-the-job training, and job retention services. Treatment group members could receive time-limited (one-year) job placement services or on-the-job training as part of the program.</td>
<td>Included 745 SSI beneficiaries who were between ages 18 and 40 and were diagnosed with mental retardation.</td>
<td>After six years from enrollment, persons who received transitional employment services had employment rates that were 22 percent higher and earnings that were 56 percent greater than those not receiving such services. TETD had a small, but significant impact on benefit amounts at the six-year mark.</td>
</tr>
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<tr>
<td>Project NetWork (Rupp et al., 1994; Kornfeld and Rupp, 2000)</td>
<td>Random assignment demonstration implemented in eight sites around the country from 1992 to 1994.</td>
<td>Intervention included intensive, employment-focused case management services to test the efficacy of case management services in moving people with severe disabilities into full-time employment and off the disability rolls. Tested different case management models provided by staff from four different entities (SSA, private contractor, VR counselor, and an SSA referral to other providers). Treatment group members received case management services; control group members remained eligible for any employment assistance in their communities.</td>
<td>Included 8,428 SSI beneficiaries and applicants, as well as SSDI beneficiaries, who were between ages 15 and 65, without regard to the nature of their disability.</td>
<td>While there was an initial gain in employment and earnings for those in the treatment group compared to those in the control group, those gains faded by the third year of service receipt. Project NetWork did not lead to any impacts in the receipt of cash disability benefits.</td>
</tr>
<tr>
<td>State Partnership Initiative (SPI) (Peikes et al. 2005)</td>
<td>Random assignment demonstration in four projects in three states implemented from 1999 through 2004.</td>
<td>The projects varied in scope, but they all generally provided services in one of the following approaches: (1) improving information about the effect of work on benefit receipt (benefits counseling), (2) encouraging the use of available work incentives, (3) testing modifications to program rules to allow SSI beneficiaries to earn and save more, and (4) providing better access to vocational supports. One of the three random assignment states tested the effects of two interventions (benefits counseling only and benefits counseling plus employment supports).</td>
<td>Included 3,366 SSDI and SSI beneficiaries in four random assignment projects.</td>
<td>The findings from SPI indicate only one project had relatively large impacts on overall employment and the remaining projects had zero impact and, in one case, negative impacts on employment. The earnings impacts were insignificant or negative in all projects. The SPI evaluation did not assess effects on cash disability benefits.</td>
</tr>
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<tr>
<td>Ticket to Work (TTW) (Thornton et al., 2007)</td>
<td>Nonexperimental evaluation initiated in three stages across the US from 2002 through 2004; researchers can use the variation in the phased rollout to evaluate impacts on service use, earnings, and benefit receipt.</td>
<td>This major SSA employment program was designed to increase the access to and quality of rehabilitation and employment services available to disability beneficiaries with the goal of increasing the number of beneficiaries who become economically self-sufficient. The TTW program introduced a new, goal-based financing system for employment service providers in both the public and private sectors. Willing SSI and SSDI beneficiaries who have been given return-to-work tickets by SSA can select from SSA-approved public and private providers. Providers can decide whether or not to accept tickets and can determine the types of services to be delivered.</td>
<td>Tickets were mailed to most SSDI and SSI beneficiaries.</td>
<td>Impact estimates from early stages of the rollout for earnings and benefit amounts were too small to differentiate from historical variation in these outcomes.</td>
</tr>
<tr>
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<tr>
<td>Supported Employment Model — summary of independent studies (Bond, 2004; Bond et al., 2005)</td>
<td>Random assignment evaluations of 12 supported employment interventions that were summarized by Bond et al. (2005), which were originally conducted by nine different research teams in various geographic regions representing both rural and urban communities.</td>
<td>In the 12 studies reviewed, the most common supported employment model tested was the Individual Placement and Support (IPS) model (see Rangarajan et al., 2008 for more details on this model), which was compared to groups that usually had access to standard practices.</td>
<td>Number of participants varied by study, but all studies included people with psychiatric impairments who were generally recruited by social service agencies.</td>
<td>Average competitive employment rate for consumers in supported employment was over 250 percent larger than that of control group members. The summary did not assess the earnings levels or cash disability receipt.</td>
</tr>
<tr>
<td>Employment Intervention Demonstration Program (EIDP) (Cook, 2007)</td>
<td>Random assignment evaluation of the effectiveness of several experimental supported employment programs for people with psychiatric disabilities in eight locations across the US from 1995 to 2003.</td>
<td>The experimental study group received services delivered by mental health and rehabilitation professionals, local and state government agencies, and self-help and peer support organizations under different supported employment service models designed specifically for people with psychiatric disabilities, while other experimental sites enhanced their service model by providing unique features such as developing special connections to employers. Although the experimental program models varied, all shared common characteristics of supported employment program models.</td>
<td>Included more than 1,600 participants with psychiatric impairments.</td>
<td>Individuals enrolled in supported employment programs were 62 percent more likely to be competitively employed than their counterparts. Supported employment participants had 23 percent higher monthly earned income (Cook et al., 2005).</td>
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Source: Summary adapted from Rangarajan et al. (2008).

*The original SPI projects included 18 projects in 17 states from 1999 to 2004 that delivered employment-related services to people with disabilities. SSA funded 12 of the 18 state projects, and the Rehabilitation Services Administration funded the remaining 6. Of these 18 projects, only the 4 summarized in the table were evaluated using random assignment.*
In the 1980s, two demonstration projects that included a large sample of SSDI and SSI beneficiaries emerged that tested the effectiveness of providing transitional supports to people with mental retardation. In 1981, the US Department of Labor, a federal agency charged with preparing the American workforce and ensuring the adequacy of workplaces, funded the seminal random assignment study of return-to-work supports in the Structured Training and Employment Transitional Services (STETS) demonstration. Beneficiaries were recruited from social service agencies, though most participants were already receiving SSDI or SSI benefits. Based on the successful findings from STETS, SSA subsequently funded another large scale demonstration in 1985 that specifically targeted young adults with mental retardation who were receiving SSI benefits in the Transitional Employment Training Demonstration (TETD). TETD included a much larger sample of beneficiaries than did STETS. The TETD intervention took place in 13 demonstration communities, which allowed for a more rigorous evaluation of program impacts. The STETS study established the effectiveness of transitional employment supports in increasing employment among youth with disabilities (Kerachsky and Thornton, 1987), and the TETD evaluation confirmed that these services improve employment rates and earnings (Decker and Thornton, 1995).

To gain a better understanding of the effectiveness of supports on a broader base of adult beneficiaries, SSA sponsored evaluations of interventions for larger segments of the SSDI and SSI working population in Project NetWork and the State Partnership Initiatives (SPI) in the 1990s. Project NetWork built on the experience from TETD in designing a random assignment study for SSA disability cash beneficiaries (Decker and Thornton, 1995), to test alternative ways to provide rehabilitation and employment services to a broad base of SSDI and SSI beneficiaries and applicants. The Project NetWork demonstration represented the first time that SSA tested the feasibility and efficacy of a case management approach to improve employment of SSI and SSDI
beneficiaries. SSA funded the SPI demonstration projects in several states to identify innovative return-to-work models with a heavy emphasis on the effects of combining vocational approaches, work incentives, and improved information on work incentives (“benefits counseling”). Four of the SPI demonstration projects were rigorously evaluated using a random assignment design. The evaluation findings from Project NetWork and SPI provided SSA with information on the effects of different intervention strategies for promoting employment among a broader pool of beneficiaries (Kornfeld and Rupp, 2000; Peikes et al., 2005).

In 1999, policymakers implemented the Ticket to Work (TTW) program, which represents the largest return-to-work initiative ever funded for SSA disability beneficiaries. A major program emphasis under TTW was to expand return-to-work services to SSDI and SSI beneficiaries, which had been predominately provided through VR agencies. The program gives beneficiaries more choices for obtaining services and offers employment-support service providers new financial incentives to serve beneficiaries effectively. The TTW evaluation included an assessment of program impacts, though the findings were based on a nonexperimental design and, to date, only initial findings from the first two years of rollout are available (Thornton et al., 2007).

The evaluations of these return-to-work initiatives provided information on their effects on several outcomes, including employment, earnings, and benefit amounts. According to Rangarajan et al. (2008), the STETS and TETD demonstration projects were the only ones to have large sustainable impacts on employment, earnings, and benefit receipt. The findings from Project NetWork indicated initial impacts in the two years following the intervention that disappeared after year 3. The findings from SPI indicate only one project had relatively large impacts on overall employment and the remaining projects had zero and, in one case negative impacts on employment. Finally, the findings from TTW indicated that the impacts on earnings
and benefit amounts in the year following the mailing of Tickets were too small to distinguish from historical variation in these outcomes. Rangarajan et al. noted the largest impacts on overall long-term earnings occurred for the projects (STETS and TETD) that provided the most intensive services had the highest per-participant project costs, suggesting that more intensive investments might be needed to move people with disabilities in the US into long-term employment.

Despite the success of some of the return-to-work projects in improving employment outcomes, none of the interventions led to a substantial reduction in SSA caseloads. The three projects with a longer follow-up period (STETS, TETD, and Project NetWork) conducted cost-benefit analyses that examined the effects of each initiative on participants, the funding agency (SSA), the federal government, and society as a whole. None of the projects showed a net benefit to SSA, which reflects the difficulty in designing a demonstration project that actively reduces caseload size. However, in both STETS and TETD projects, the evaluations suggested that the earnings gains of participants and the reductions in alternative service use offset most of the costs of the demonstration project in places where the alternative services were expensive, such as sheltered workshops.

The results from these evaluations provide evidence on what does and does not work for disability beneficiaries. However, with the exception of the TTW program that is still being implemented in the field, none of the demonstration projects discussed have been implemented to scale as a return-to-work program for SSA disability beneficiaries. Nonetheless, these programs have been influential in providing policymakers information on components of interventions that work—and do not work—in serving this population. The STETS and TETD demonstration evaluations gave SSA and the disability community information on the effectiveness of providing transitional supports in more integrated settings. Conversely, findings
from the Project Network and SPI evaluations indicated that more intensive supports than the case management services in Project Network and the benefits counseling provided in SPI are likely needed to move beneficiaries off the caseload. Finally, the TTW evaluation is providing policy makers with important information on the challenges faced in recruiting participants and providers, and policy makers have proposed new incentives to improve participation by these groups.

B. Supported Employment Initiatives Targeting People with Psychiatric Disorders

A second area of testing has focused on supported employment programs for people with severe disabilities, especially those with psychiatric disorders (which includes affective, anxiety and schizophrenia disorders). These programs are voluntary and generally offer a combination of competitive employment and health services to populations who are recruited through social service agencies. According to Wehman and Revell (2003), funding for supported employment services typically occurs in two phases: (1) employment services funded by VR and several other federal and state agencies on a time-limited basis that may include vocational assessment, career planning, job development, job-site training, assistive technology, and accommodations; and (2) the provision of extended services (e.g., employment supports and case management) to support work performance. Variations of supported employment models exist, including for people with nonpsychiatric impairments, though they all emphasize the provision of individualized supports on an ongoing basis to meet a competitive employment outcome.

The concept of supported employment became accepted as an evidence based practice for people with psychiatric impairments based on findings of successful employment outcomes for
this population from repeated random assignment evaluations. In the 1990s, several independent evaluations found significant impacts of supported employment interventions on employment outcomes of people with psychiatric impairments (Bond, 2004). Each of these evaluations provided a rigorous evaluation of employment outcomes and included detailed documentation of the services delivered so the findings could be replicated in other settings. However, a limitation of these evaluations was that they generally included a relatively limited sample and there were some differences in the types of models and outcomes assessed. To provide a more comprehensive evaluation of alternative supported employment models in different settings, in 1995, the Substance Abuse and Mental Health Services Administration—the US agency that helps states increase the quality and range of treatment, rehabilitation, and support services for people with mental health problems—funded the Employment Intervention Demonstration Program in eight cities. Similar to the earlier supported employment findings, Cook et al. (2005) continued to find that supported employment models were successful in a number of different environments in promoting employment outcomes of people with psychiatric impairments. Based on these findings, government agencies are increasingly promoting, and in some cases requiring, that the provision of supported employment services to people with psychiatric disabilities (Drake et al., 2001).

5 A major part of the influence of the supported employment evaluations was their documented success on competitive employment, which differentiated these employment approaches from other vocational approaches that had been historically tested for people with psychiatric disorders. Competitive employment was a very specific definition that defined a job as one that anyone can apply for, in regular places of community employment, and that pays at least minimum wage. This definition differed from other employment definitions, such as paid employment, which could include payments from sheltered and segregated job opportunities. Prior to the rigorous tests of the supported employment models for this population, there was a long history of testing alternative vocational approaches for people with severe psychiatric disabilities, though none were as successful as the supported employment initiatives in promoting competitive employment outcomes. For example, Bond (1992) documented findings from over 24 randomized controlled trials of vocational approaches for people with psychiatric impairments. While some of these approaches were effective in helping individuals achieve paid employment, none were shown to have a measurable impact on competitive employment.
Interestingly, the lack of rigorous evidence of supported employment models for other populations, especially people with intellectual impairments, has limited the implementation of these types of supports on a broader scale. For example, the initial evaluations of supported employment programs, most of which targeted individuals with mental retardation, were not very influential because of their limited sample and lack of a rigorous evidence (Decker and Thornton, 1995). Consequently, many service providers continue to use more traditional approaches to providing employment services to people with mental retardation and other severe disabilities, especially sheltered and segregated approaches, in part because there are not a universally agreed upon set of best practices in serving this population (Kregel and Dean, 2002). Wehman et al. (2003) argued that policy development in developing employment supports could be substantially enhanced by identifying quality indicators for all service providers (for example, percentage in competitive employment) and rigorously evaluating whether existing programs are meeting their objectives.

**THE UNITED STATES IS PURSUING INNOVATIVE PROGRAMS TO SHIFT DISABILITY PROGRAMS MORE TOWARD EMPLOYMENT**

Despite the tests described above, there has been continued criticism of the limited degree to which the current disability system focuses on promoting employment opportunities for its beneficiaries. The US General Accounting Office (GAO), the watchdog organization for federal agencies, has suggested that current return-to-work options for SSDI and SSI participants are limited in scope and should be significantly expanded (GAO, 2004). Despite the existence of prior demonstration projects, US GAO noted that the SSA has yet to propose or assess an option that could result in saving to SSA’s trust fund. US GAO identified challenges in prior demonstration projects, especially the lack of a formal process for developing a long-range demonstration agenda that fits SSA’s demonstration goals around a set of major policy
objectives with input from key stakeholders. US GAO also criticized the prior demonstration projects for being rushed into the field without proper testing. For example, US GAO claimed that if SSA had tested various components of the TTW program prior to launching the program nationwide, it might have been able to identify problems and develop solutions prior to implementation.

SSA has initiated several return-to-work demonstration projects that should provide valuable information on best practices (see SSA 2008b for periodic updates on these demonstrations). The US GAO report acknowledged that these current SSA demonstrations have been designed to examine a wider array of policy and program issues and have been planned in a more rigorous manner that will ultimately improve their usefulness to the agency and Congress. These projects include the following:

- **The Accelerated Benefits (AB) Demonstration project**, which will provide immediate health benefits (rather than these benefits being delayed for two years) and employment supports, when appropriate, to certain newly entitled SSDI beneficiaries. Beneficiaries selected for the demonstration project will be randomly assigned to one of three groups: one group will be provided health benefits, a second group will be provided health benefits and receive additional care management, behavioral, and employment supports, and a third group will be a control group that will be used as comparison to see if the intervention makes a difference in health and employment outcomes. The target population includes newly entitled SSDI beneficiaries under age 55 who do not have health insurance and have at least 18 months before they will be eligible for Medicare. The initial random assignment for this project started in fall 2007.

- **The Benefit Offset National Demonstration (BOND) project**, which will attempt to determine the effect of various interventions, in combination with a benefit offset, on employment outcomes that include wages, benefits, hours worked, and job retention. SSA will conduct tests of a $1 reduction in benefits for every $2 in earnings in combination with a variety of employment supports, with the goal of helping beneficiaries with disabilities return to work. The project will allow beneficiaries to face this gradual reduction in their benefits, eliminating the abrupt loss of cash benefits in the SSDI disability program when a beneficiary works and has earnings over a specific amount. Participants will maintain ongoing eligibility for health care benefits and other supports linked to SSDI eligibility. The target population will include SSDI beneficiaries in locations to be determined. This project has not yet started in the field.
• The **Mental Health Treatment Study (MHTS)**, which will provide mental health disorder treatments (pharmaceutical and psychotherapeutic) and/or employment supports that are not covered by other insurance for study participants. The target population includes SSDI beneficiaries with a primary impairment of schizophrenia or affective disorder in a select number of service areas. Recruitment of participants began in September 2006. The study remains in the field for 3 years, and a final report is expected in the winter of 2010.

• The **Youth Transition Demonstration (YTD)**, which will provide intensive employment supports and benefits counseling to increase the employment among youth and young adults with disabilities. The project started in 2003 with seven projects in six states, and three of these projects were selected for a random assignment evaluation. During 2007, SSA piloted new projects in five states and ultimately chose three new sites for random assignment evaluation. The target population for this study includes SSI beneficiaries and other at-risk youth ages 14 to 25. Random assignment began in fall 2006.

Outside of SSA projects, the Centers for Medicare and Medicaid Services (CMS), the agency responsible for administering health coverage programs (including Medicare and Medicaid), is funding initiatives to promote employment through the provision of health insurance and early intervention services. One of the most notable of these projects is the Medicaid Buy-In program, which allows adults with disabilities to earn more than would otherwise be possible and still have Medicaid coverage. In return, participants “buy into” the Medicaid program, typically by paying premiums based on income. In addition, CMS is funding the Demonstration to Maintain Independence Evaluation (DMIE), a multisite evaluation designed to examine the effects of behavioral health services, case management, vocational services, and other services on economic and health outcomes for working individuals with potentially disabling behavioral health disorders, including those not yet on the SSI or SSDI programs.

The findings from the SSA and CMS evaluations of these demonstration projects should provide policymakers with information on the effectiveness of several alternative approaches in providing supports to people with disabilities to improve employment outcomes. Several of these
projects, especially SSA’s AB demonstration and CMS’s DMIE and Medicaid Buy-in programs, will provide information on the importance of health care coverage in promoting employment outcomes. The remaining SSA evaluations will provide policymakers with information on the effects of work incentives in promoting employment (BOND), the effects of specialized mental health services for people with psychiatric impairments (MHTS), and intensive employment supports for young adults (YTD).

**DISCUSSION**

The US experience in providing employment supports for people with disabilities provides some important lessons that could inform the development of interventions for other countries. Evaluations based on random assignment findings have been especially important in identifying best practices in service delivery. The evaluations of supported employment interventions for people with psychiatric impairments are particularly noteworthy because the positive findings from several rigorous evaluations of these interventions have led practitioners to adopt this approach as a best practice. Several other US evaluations of demonstration projects have also been influential in providing information on the potential of alternative employment supports, especially in serving people who receive disability cash benefits. In general, the findings from these evaluations indicate that more intensive interventions with individualized supports can produce relatively large impacts on employment and earnings, relative to the less intensive (and less costly) interventions that have been tested.

However, a key challenge in moving forward in the United States, as well as in other countries, is offering compelling evidence of the effectiveness of different approaches to providing employment services to people with disabilities. This is a particularly daunting challenging in the US given the lack of coordinated supports across disability programs and the fragmented nature of the delivery of employment supports makes it politically difficult to
implement broad scale tests. Nonetheless, tests of alternative employment supports that could improve the relatively poor set of employment outcomes for people with disabilities are needed to make fundamental changes to the US disability system.
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