

Issue BRIEF

Todd Honeycutt, Maura Bardos, and Allison Thompkins

Youth with Disabilities at the Transition Crossroads: Employment and SSA Outcomes after Seeking VR Services

ages **16-24**

sought services from VR agencies annually, which constituted about one-third of the caseload in any given agency.

The transition to adulthood is a challenging time for any young person, but especially so for youth with disabilities. Employment outcomes for youth with disabilities lag behind those of their peers without disabilities. Further, these youth and their families may also face difficult decisions regarding Social Security Administration (SSA) benefit receipt. To overcome these barriers, eligible youth with disabilities can seek services from state vocational rehabilitation (VR) agencies. VR agencies are well positioned to assist youth and young adults with disabilities who are transitioning from school to work and facing issues related to SSA benefit receipt and employment. This brief, based on a series of three working papers (Honeycutt et al. 2013a, 2013b, 2013c), presents employment and benefit receipt statistics for a cohort of youth ages 16 to 24 years who applied for VR services from 2004 through 2006. It explores state-level variation in the statistics and discusses factors influencing the statistics.

THE ROLE OF VR AGENCIES IN YOUTH SCHOOL-TO-WORK TRANSITIONS

VR agencies are important providers of services for youth with disabilities during the critical time of transition from school to work. State VR agencies are joint federal- and state-funded programs that help people eligible for rehabilitation services to obtain employment. For eligible youth who initiate the process, VR staff develop a service plan to help these individuals attain their employment goals. Services provided may include case management, education and training, and job placement assistance. For in-school youth, agency staff may participate in secondary school transition planning for students receiving services under the Individuals with Disabilities

Education Act. Agencies differ in how they work with schools. Some agencies build relationships with school staff and encourage youth to apply to VR early (such as during sophomore year in high school); others accept applications only when youth are leaving high school. These differences may affect the length of time youth are involved with VR, the types of vocational experiences available to them, and their employment outcomes.

SSA BENEFIT CHARACTERISTICS OF YOUTH SEEKING VR SERVICES

Each year, 6 percent of youth with disabilities in the United States turn to VR agencies for rehabilitation services. Between 2004 and 2006, an average of 137,762 youth ages 16 to 24 sought

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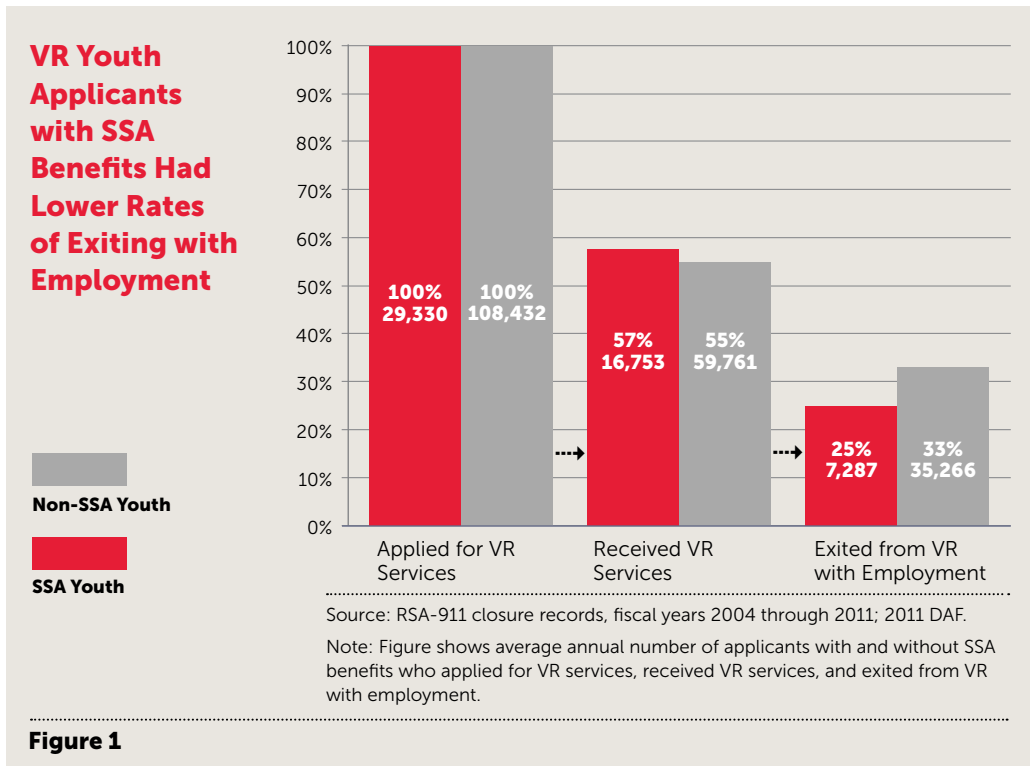
services from VR agencies annually, which constituted about one-third of the caseload in any given agency. One in five applicants (21 percent) were receiving one of the following types of SSA benefits when they applied: (1) Supplemental Security Income (SSI) only, (2) Social Security Disability Insurance (SSDI) only, or (3) both of these benefits (concurrent beneficiaries). Most VR youth applicants who were SSA beneficiaries received SSI-only benefits (76 percent), with the remainder divided equally between SSDI-only and concurrent benefits. Underlying these statistics is a great amount of variation by state VR agency. The proportion of an agency's VR applicants who were receiving SSA disability benefits when they applied for VR services ranged from 11 percent in North Dakota to 38 percent in Washington.

EMPLOYMENT OUTCOMES OF YOUTH SEEKING VR SERVICES

Only a minority of youth seeking VR services are employed when their cases are closed, and employment at closure is lower for youth who are SSA beneficiaries than for those who are not (Figure 1). Among VR youth applicants without SSA benefits, 55 percent who applied for VR services eventually received them and 33 percent were employed when they closed from services.

Among youth who received VR services, 54 percent were employed at the time of case closure. VR youth applicants with SSA benefits received services from VR agencies at about the same level as VR youth applicants without benefits, but the youth with benefits had lower employment levels when they closed from services. Among transition-age youth who were receiving SSA benefits when they applied, 57 percent received VR services. Overall, 25 percent of VR youth applicants who received SSA benefits both received VR services and were employed when they closed from services. This rate is 8 percentage points lower than for youth who were not receiving SSA benefits at application.

The proportion of youth who receive services is a reflection of both eligibility determination and resources. To be eligible for VR services, applicants must meet the criteria set forth in the Rehabilitation Act of 1973 (that is, they must require vocational rehabilitation because of a disability) (U.S. Department of Education 2012). Not everyone who applies for VR services is assessed as eligible and, among those found eligible, not all receive services. Some people found to be eligible fail to initiate VR services, while others may be placed on a waiting list ordered by severity of disability, due to limited funding (known as entering order of selection



status, or OOS). We expected the proportion of VR youth applicants with SSA benefits who receive services to be higher than the proportion of those without SSA benefits because most are assumed to be eligible for VR services. The relatively low value we found may suggest that SSA youth encounter more employment barriers than other youth (such as having more severe disabilities, accessing non-VR services, and challenges setting appropriate vocational goals), or may reflect reservation wage effects associated with SSA benefit receipt.

VR AGENCY VARIATION IN YOUTH OUTCOMES

State agencies vary greatly on the outcomes presented above; Figure 2 shows two examples of this variation. The first is the variation in the proportion of VR youth applicants without SSA benefits who were employed when they exited from VR. The differences between the agencies with the highest and lowest values were quite substantial. More than half (56 percent) of Alabama VR agency youth applicants without SSA benefits exited with employment. Other agencies with high employment levels at VR exit for non-SSA beneficiaries include Delaware (51 percent), Pennsylvania (44 percent), Mississippi

(43 percent), Georgia (43 percent), and New Hampshire (43 percent). On the low end, only 14 percent of youth applicants without SSA benefits in Tennessee exited with employment.

Similarly, the diamonds in Figure 2 show employment levels at VR exit for youth applicants with SSA benefits. With few exceptions (most notably in Alaska, Tennessee, and Washington), employment percentages at closure were lower for beneficiary applicants than for others, particularly for agencies in which the employment percentage for youth applicants without benefits was high. The Delaware, Utah, and Alabama agencies had the highest employment percentages for beneficiary applicants (all at 40 to 41 percent); the Illinois, Maine, and Iowa agencies had the lowest percentages (at 16 percent).

SSA BENEFIT OUTCOMES OF VR YOUTH APPLICANTS

In addition to influencing employment outcomes for transition-age youth, VR agencies can potentially (1) help youth receiving SSA benefits to leave the rolls, and (2) provide supports that can keep others from applying for and receiving SSA benefits. The potential benefits for youth

State VR Agency Variation in the Proportion of VR Youth Applicants Who Exit with Employment

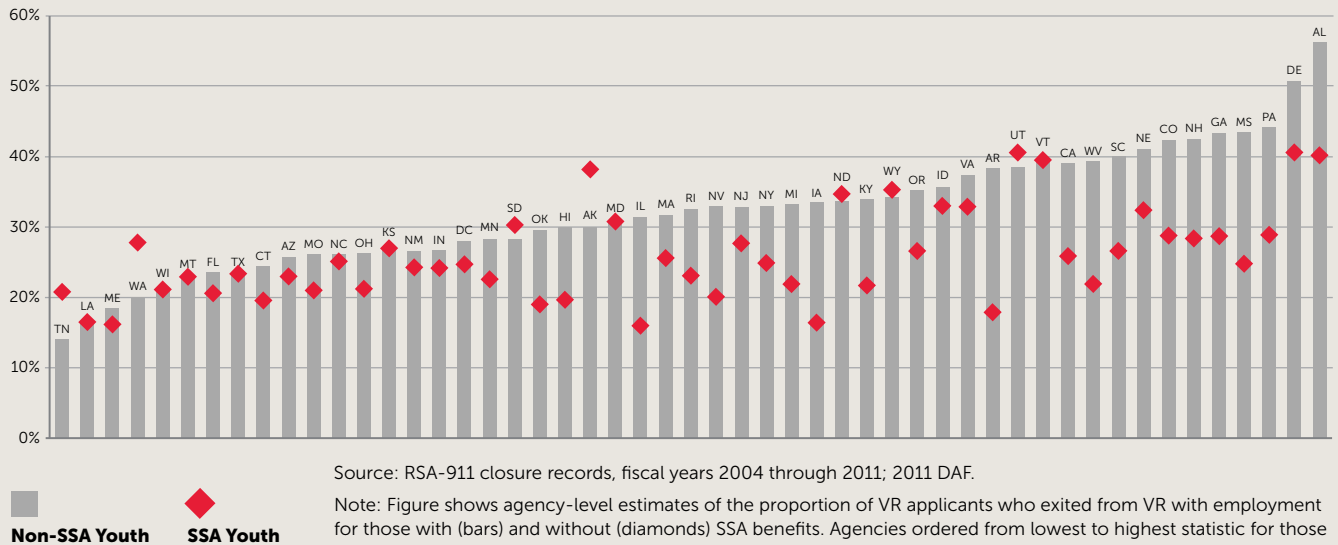


Figure 2

The potential benefits for youth to become employed and leave the benefit rolls (or not obtain benefits to begin with) are large for both youth and the federal government, as personal earnings and federal savings in cash and health benefits can compound over a lifetime.

to become employed and leave the benefit rolls (or not obtain benefits to begin with) are large for both youth and the federal government, as personal earnings and federal savings in cash and health benefits can compound over a lifetime. Using SSA administrative data, we explored these issues through two outcomes for the VR youth applicant cohorts—suspension of benefits due to employment and receipt of SSA benefits, both within four years of applying for VR services (Figure 3). These data allow us to examine outcomes outside the youth’s direct involvement with the VR agency, including outcomes for those who exited VR without receiving services.

First, for VR youth applicants with SSA benefits, we calculated the number of beneficiaries whose benefits were suspended because they were working over a period of four years after they applied for VR. About 8 percent of SSA VR applicants experienced at least one month of benefit suspension due to work within 24 months after VR application; by 48 months, this proportion almost doubled to 14 percent. The agencies with the highest and lowest proportions of youth applicants with disability benefits differed in their benefit suspension outcomes by 16 percentage points. In eight agencies (Alaska, Arizona, District of Columbia, Massachusetts,

Nebraska, Nevada, North Dakota, and Wyoming), more than one-fifth of the SSA VR applicants experienced benefit suspension due to work within 48 months of VR application. In contrast, this statistic was less than 10 percent for youth applicants to VR agencies in Kentucky, North Carolina, Tennessee, and West Virginia. We also examined the proportion of SSI-only youth who received SSDI benefits within 48 months of VR application, as these youth might receive services and obtain employment at a level that would make them eligible for SSDI—a benefit that is attractive because it is not means tested and it automatically leads to Medicare eligibility after 24 months. Of the 66,505 VR youth applicants with SSI-only benefits at application, 18 percent received SSDI benefits at any point within 48 months after they applied for VR services.

Second, we examined the proportion of VR youth applicants without SSA benefits who received benefits within 48 months of their VR application. Within this group, about 1 in 10 applicants became SSA beneficiaries within 48 months, a relatively short period of time. The difference among agencies was sizeable, ranging from 4 percent in South Carolina to 21 percent in Washington State.

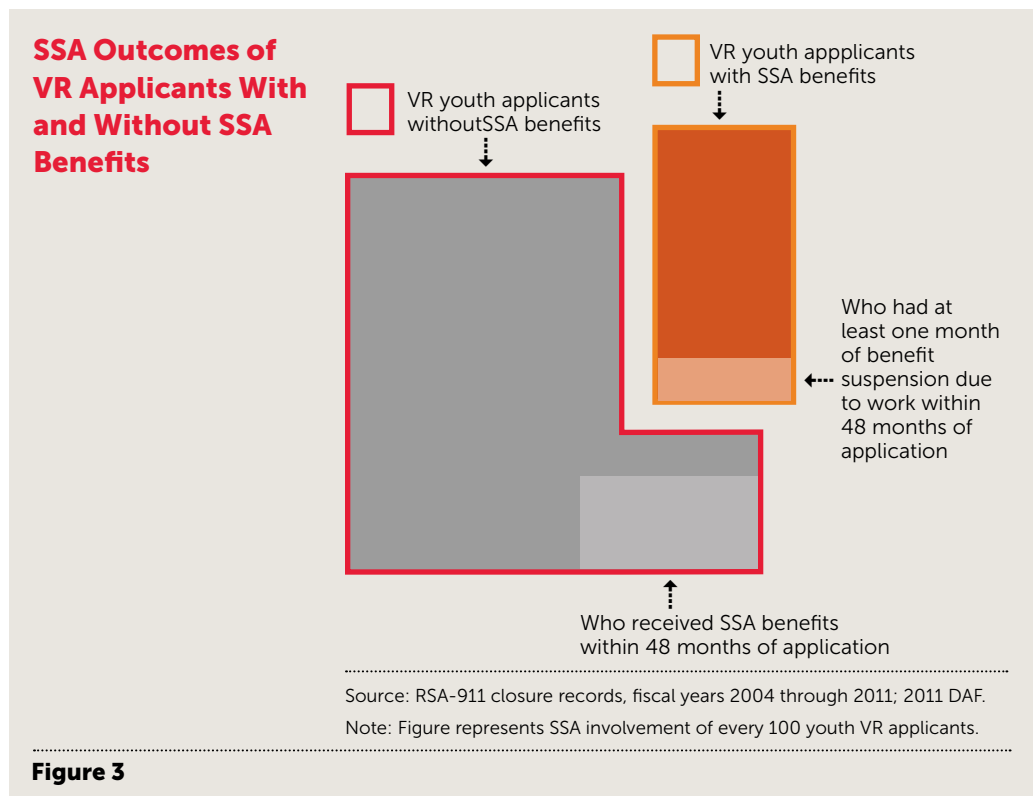


Figure 3

IMPLICATIONS

VR agencies could potentially serve as an early intervention program, providing youth with disabilities the services they need to work and help avoid dependence on SSA benefits.

Transition-age youth comprise a large proportion of VR agencies' caseloads. Recognizing the special needs of their youngest applicants, many VR agencies have focused their efforts and resources on easing the transition from secondary school to work or postsecondary education. The information presented here demonstrates that many youth VR applicants are SSA beneficiaries or will be shortly after they first reach out to the agency. VR agencies could potentially serve as an early intervention program, providing youth with disabilities the services they need to work and help avoid dependence on SSA benefits; some agencies may be better positioned for this task than others. Agency differences in the proportion of SSA beneficiaries who eventually experienced benefit suspension due to work point to the potential for additional gains by agencies in this area. These factors, along with the potential for long-term benefits for youth, might justify further efforts by VR agencies in promoting service delivery to transition-age youth.

The variation among agencies in both employment and SSA-related outcomes begs the question: what factors may be driving these differences? Some factors may be beyond an agency's control, such as client characteristics, the state economic climate, and local and state-level stakeholder activities related to transitions. The resources available to an agency—both through its federal grant allotment and its ability to provide matching funds—may be another factor. The federal grant allotment is primarily based on a state's population size and its average income (U.S. GAO 2009); it requires a match from the state government, but state governments do not all provide the maximum match. During our analysis period, 31 agencies were in OOS at some point and 20 of these reported having individuals waiting to receive services, a direct indication of scarce resources. This issue is critical, since the cost of serving VR youth applicants with SSA benefits may be higher than the cost of serving those without benefits. Agencies whose applicants contain relatively high percentages of youth with SSA benefits may, therefore, be constrained in providing services.

Other agency-level variations may be due to the unique services that agencies fund and how they

choose to organize their staff. Although all agencies are expected to provide services to youth with disabilities and to cooperate with secondary schools, decisions on processes and services related to youth reflect local and state perspectives on how to allocate limited resources amid competing demands of stakeholders. Potentially promising practices among agencies with higher statistics include having state leadership with exclusive transition responsibilities, developing outreach to parents, enrolling youth at earlier ages, and implementing intensive, school-based transition programs (Honeycutt et al. 2013c).

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Box 1. Data and Methods

This brief is based on analyses of RSA administrative data drawn from the RSA-911 Case Service Report files for 2004 through 2011. We used these files to create annual cohorts of applicants ages 16 to 24 in 2004, 2005, and 2006, excluding VR agencies that exclusively served blind individuals. We matched the RSA-911 files to SSA's 2011 Disability Analysis File (DAF) to gain information about benefits for 48 months following their VR application date. The RSA-911 Case Service Report contains information about each person who exited VR services during the year, such as characteristics at application, types of services received, and employment outcomes for those who received services. The DAF contains a longitudinal record for every person age 10 through the Social Security full retirement age (currently age 66) who received Social Security or SSI disability benefits at any time from 1996 onward; at the time of our analysis, it contained data through 2011. We supplemented these data with state-level estimates from the American Community Survey of the number of youth with disabilities from 2004 through 2006. See Honeycutt et al. (2013a, c) for details on the data sources and methods. We also used information from interviews conducted with VR agency directors, state transition coordinators, and field staff at eight VR agencies around the country. See Honeycutt et al. (2013c) for details on the selection criteria. Interviews took place between May 2013 and August 2013.

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