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**The Transitional
Employment Training
Demonstration: Analysis
of Program Impacts**

Executive Summary

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BACKGROUND

The Transitional Employment Training Demonstration was conducted to determine the effectiveness of transitional employment as a vehicle for enhancing the economic self-sufficiency of Supplemental Security Income (SSI) recipients with mental retardation. The demonstration was funded by the Social Security Administration and conducted by Mathematica Policy Research.

The demonstration sought specifically to assess the extent to which the provision of time-limited placement, on-the-job training, and support services could increase the employment and earnings and reduce the SSI payments of SSI recipients with mental retardation.

Information about effectiveness was needed to assess the role the SSI program might play in the expanding network of transitional- and supported-employment programs. Furthermore, other federal agencies and the states have an interest in program effectiveness as they seek to respond to recent legislation that fully incorporates employment-support programs into the national rehabilitation system (Vocational Rehabilitation Act Amendments of 1986, PL 99-506).

Definition of Transitional Employment

As implemented in the demonstration, transitional employment consisted of three core services intended to help SSI recipients with mental retardation obtain and hold “competitive” jobs—that is, economically productive jobs that are essentially undifferentiated from other jobs that exist in the economy. The three core services were:

- Placement on potentially permanent competitive jobs
- Specialized on-the-job training that was gradually phased out over time to enable the SSI recipient to gain independence on the job
- Postplacement support and follow-up as necessary for job retention

The other distinguishing feature of transitional employment is that services were time-limited. In the demonstration, the core services were to be provided within one year after an SSI recipient enrolled in the

demonstration. Long-term job-retention services were to be arranged as necessary, but services that were provided beyond the one-year period were to be funded by a source other than the demonstration.

Previous Evidence About Transitional Employment

In the last fifteen years, transitional employment and similar programs have become an established part of the vocational service system for persons with mental retardation. The growing interest in this service model reflects the efforts of a number of program operators, advocates, and researchers to demonstrate the feasibility and potential of transitional employment.

The demonstration built on this earlier work by testing transitional employment on a large scale for a wide range of persons whose level of impairment was sufficiently severe to meet the SSI eligibility requirements. In addition, an evaluation was conducted as an integral part of the demonstration in order to provide a rigorous basis for assessing the effectiveness of transitional employment.

The Evaluation Design

The evaluation was based on an experimental design to measure the net effect of introducing transitional employment into the existing service system. Program applicants were assigned randomly to either a treatment group (that was offered the demonstration services) or a control group (that was precluded from receiving demonstration services, but was free to seek any other services available in the community). The activities of the treatment-group members indicate what happens to persons who are offered transitional employment. The experience of the control-group members indicates what would have happened to the treatment-group members in the absence of the demonstration. Because the random assignment process ensures that the pre-enrollment characteristics of the two groups are identical, any postenrollment differences between the groups can be attributed to the demonstration services.

PERSONS SERVED IN THE DEMONSTRATION

The demonstration targeted SSI recipients with mental retardation for several reasons. First, previous research suggested that transitional employment could help such persons obtain and hold jobs. Second, persons with mental retardation constitute one of the largest recipient groups, accounting for approximately 25 percent of all adult disabled SSI recipients and for over \$2.5 billion per year in SSI payments. Third, transitional employment was seen as a vehicle for helping SSI recipients with mental retardation reach their goal of achieving greater integration into economic and community life.

Eligibility and Recruitment

Applicants to the demonstration were to be SSI recipients who were between 18 and 40 years old with a diagnosis of mental retardation. In addition, they were to be living in one of the communities served by the demonstration.

The case folders of approximately 25,000 SSI recipients were screened to identify recipients with mental retardation who lived in one of the thirteen demonstration communities. Invitation letters that described the demonstration were mailed to virtually all of the 13,800 determined to be eligible. In addition, follow-up letters, telephone calls, and outreach to service providers in the communities were also used to recruit persons for the demonstration.

Intake workers described the available demonstration services to all applicants and explained that participation in the demonstration was strictly voluntary. The intake workers also collected basic information about the applicant. If the applicant consented to participate and the intake worker decided that the applicant could be served, the applicant was formally enrolled in the demonstration.

A total of 745 SSI recipients with mental retardation were enrolled in the demonstration; 375 of these persons were assigned randomly to the treatment group, and 370 to the control group.

The SSI recipients who were enrolled in the demonstration represent approximately 5 percent of the persons who were sent initial invitation letters. While the recipients who were enrolled in the demonstration are not a representative sample of all SSI recipients with mental retardation, they can be considered to be indicative of the recipients who would volunteer for transitional-employment services.

Characteristics of the SSI Recipients Enrolled

The average age of the persons enrolled in the demonstration was 27 years; 22 percent were younger than age 22, and 10 percent older than age 35. Forty-one percent of the persons who were enrolled were female, and approximately 30 percent were black.

The average IQ score of the persons who enrolled was 57. Approximately 84 percent of the enrollees had IQ scores of between 40 and 70 and 6 percent had scores below 40.

Many also exhibited physical, social, or emotional problems that could be expected to impair their ability to function in the labor market.

Approximately a third of the persons who were enrolled had no vocational activity during the year prior to their application, and another third had been in sheltered workshops. Only 10 percent of the persons had held a competitive job in the previous year. Overall, the average earnings of these persons in the previous year was only \$450.

SSI benefits accounted for almost 75 percent of the total annual income of the persons who enrolled. On average, these persons had received over \$3,638 in SSI benefits during the year prior to enrollment.

**SUMMARY OF
DEMONSTRATION
OPERATIONS**

Demonstration operations began in June 1985. Persons were enrolled throughout the following year, and transitional-employment services were provided through June 1987.

**The Eight Demon-
stration Projects Served
Persons in 13 Commu-
nities Nationwide**

Transitional-employment services in the demonstration were provided by eight organizations that were awarded grants by the Social Security Administration. The eight were selected from the 80 training providers that submitted proposals in a competitive process. The eight projects provided services in thirteen communities across the country:

Demonstration Projects and Sites

AHEDD, Incorporated Five Sites in Pennsylvania and Delaware	Exceptional Children's Foundation Los Angeles, California
Association for Retarded Citizens, Monmouth Unit Monmouth, New Jersey	Goodwill Industries, Milwaukee Milwaukee, Wisconsin
The CENTER Chicago, Illinois	University of Washington and Portland Community College Portland, Oregon
The Children's Hospital Boston, Massachusetts	University of Wisconsin, Stout Four counties in Wisconsin

**The Projects Provided
the Transitional-
Employment Services**

The basic elements of transitional employment—job development and placement, on-the-job training, and short-term support and follow-up—were implemented in the demonstration.

The demonstration projects were able to place two-thirds of the treatment-group members on jobs. Half of these persons (or one-third of all treatment-group members) were successfully stabilized on a

potentially permanent job; this success rate is consistent with the rate observed for other large transitional-employment programs.

An analysis of program operations found that the demonstration was equally successful at serving treatment-group members with a wide range of characteristics and placing them on jobs. The existence of physical, emotional, social, or speech problems or low IQ scores did not appear to affect the length of participation in the demonstration, the likelihood of being placed in a job, or the expected weekly earnings from the job held at the time that a person exited from the demonstration.

The delivery of services and outcomes differed across the eight projects, even after controlling for cross-site differences in the characteristics of the SSI recipients who were enrolled. In particular, there were differences in the proportion of treatment-group members who were successfully placed and stabilized on jobs.

**The Services Cost \$5,600
per Enrollee, on Average**

Average expenditures per person enrolled in the demonstration varied across the eight projects, from \$3,800 to almost \$14,000. The variation across individual treatment-group members was even more substantial, with costs for some persons as high as \$25,000.

Costs would likely be lower in an ongoing nondemonstration program. An analysis of program operations indicated that a replication of the service model that was implemented in the demonstration would cost \$5,600 per person enrolled (in 1986 dollars).

**EXPERIENCE OF THE
TARGET POPULATION
IN THE ABSENCE OF
THE DEMONSTRATION**

The experience of the control group forms the basis for determining the net impacts of the demonstration services. Findings for the control group demonstrate that in the absence of the demonstration only a small segment of the target population would have held jobs outside sheltered workshops. However, the employment and earnings of this population were improving even in the absence of the demonstration.

**Control-Group Members
Used Relatively Few
Employment Services;
Mostly Sheltered
Workshops**

Without demonstration services, sheltered workshop employment would have remained the dominant vocational activity for the persons enrolled in the demonstration. During the three years following their enrollment in the demonstration, approximately 25 percent of the control-group members reported being in a sheltered workshop.

The use of transitional employment rose over time, although the rate of use remained relatively low: in the absence of the demonstration, we estimate that fewer than 60 percent of the persons who were enrolled in the demonstration would have enrolled in a transitional-employment program.

Control-Group Earnings Would Have Increased in the Absence of the Demonstration

Average earnings for participants would have increased even in the absence of the demonstration services. We estimate that, during the three years following enrollment, the average earnings of the persons who enrolled in the demonstration would have risen by 163 percent relative to earnings in the month of enrollment. In addition, we found that by the third year following enrollment 30 percent of the control-group members held jobs outside of sheltered workshops, and approximately 13 percent held community jobs that paid at least the minimum wage.

This earnings and employment growth highlights the need for a control group in the evaluation in order to estimate the net effect of transitional employment on employment and earnings. Earnings and employment opportunities for the target were growing even in the absence of the demonstration. The control group enables us to account for this growth in our estimates of the impacts of transitional employment on earnings and employment.

IMPACTS OF THE DEMONSTRATION SERVICES

The impacts of the demonstration indicate the net change expected from adding transitional employment services similar to those fielded in the demonstration to the existing mix of services.

Use of Employment Services Increased

The demonstration dramatically increased the rate of employment-service receipt among members of the treatment group. Not surprisingly, members of the treatment group received substantially more transitional-employment services: almost 50 weeks more, on average, during the 24 months after enrollment. In addition, the use of nondemonstration services (such as supported-employment and follow-up services) was estimated to have increased: during the 24 months following enrollment, treatment-group members spent an average of almost six weeks more in these other employment-support programs than did control-group members. Accompanying this greater use of transitional- and supported-employment services was a 32 percent reduction in the average amount of time that treatment-group members spent in sheltered workshops.

Community Employment Increased by 50 Percent

Reflecting the success of the transitional-employment services and the shift away from the use of sheltered workshops, the demonstration increased the extent of employment in integrated, or “community,” jobs. Interview data collected in the demonstration indicate that by the third year after enrollment 45 percent of the treatment-group members were in community jobs, a 50 percent increase over the experience of the control group.

A majority of the persons in community jobs had supports available from a job coach or training program. The proportion of persons in such supported jobs was estimated to have increased from 17 to 30 percent due to the demonstration. This result suggests that many of the persons who obtained community jobs through their activities in the demonstration had access to job-retention services, although the exact level of support that was actually provided was not measured.

Earnings Increased by 85 Percent over 3 Years

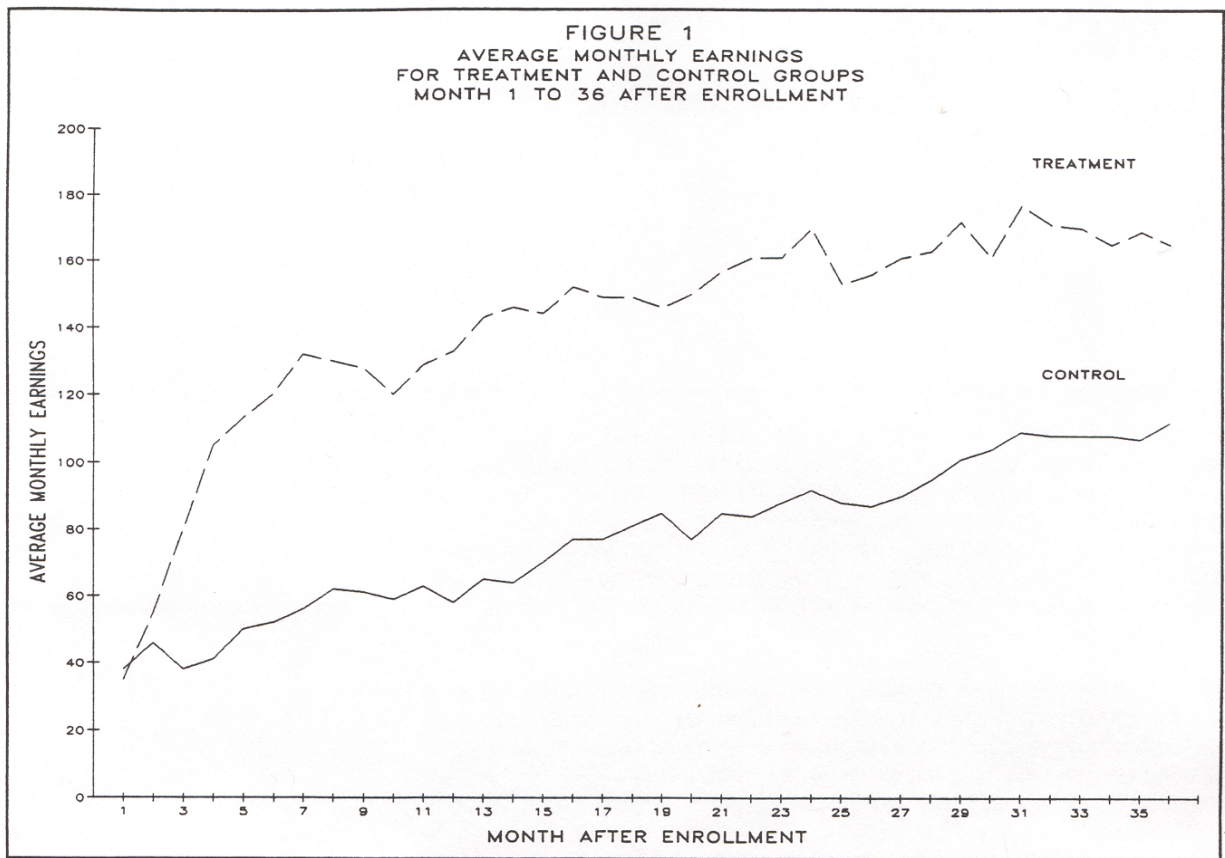
The transitional-employment services clearly increased earnings relative to what they would have been in the absence of the demonstration. Average earnings for the three years following enrollment were estimated to be 85 percent greater than in the absence of the demonstration. The estimated average impacts for the three years are:

Year	Earnings Increase	Percentage Change
1	\$665	108%
2	\$909	96%
3	\$742	63%

The decline in the percentage change over time reflects the overall increase in average earnings that we estimated would have occurred even in the absence of the demonstration, as well as some decline in the employment and earnings of persons in the treatment group. These trends are shown in Figure 1.

SSI Receipt was Affected Only Slightly

The transitional-employment services provided in the demonstration had little effect on the receipt of SSI payments. Over the three years following enrollment, average SSI payments were reduced only by 2 percent (approximately \$240 per treatment-group member). The continued receipt of SSI reflects the fact that, while the average



earnings gains of treatment-group members were proportionately large, total earnings remained low relative to the levels that would imply economic self-sufficiency. SSI regulations disregard a proportion of any increase in earnings; consequently, treatment-group members were able to maintain their eligibility and much of their benefits even though their average earnings increased.

Impacts Varied Across Projects

The impacts of the demonstration services appear to differ across the projects, although it is difficult to determine analytically whether such differences are due to differential effectiveness or differences in the local labor-market and service environments. Nevertheless, when the project-specific impact estimates are considered in light of the analysis of project operations (Thornton, Dunstan, and Schore, 1988), we conclude that impacts were greater in those projects that

emphasized (1) placing persons in potentially permanent jobs as soon as possible, (2) matching jobs and participants carefully, and (3) being flexible in response to individual client needs.

A closer examination of the training practices of the demonstration projects clearly seems warranted. In particular, it is important to assess whether the experience of the most successful project could be replicated. That project essentially raised average earnings by \$2,000 per year over the three years following enrollment, an increase of 134 percent.

CONCLUSIONS ABOUT THE DEMONSTRATION

As fielded in the demonstration, transitional-employment increased the employment of SSI recipients with mental retardation. The demonstration services also led to small reductions in SSI receipt and changed the mix of services used by the treatment-group members. The assessment of these impacts and the costs of providing the services depend on the analytical perspective adopted.

SSI Recipients Who Enrolled Benefit from the Demonstration

We conclude that treatment-group members received pecuniary and nonpecuniary net benefits from their enrollment in the demonstration. Since the estimated 85 percent increase in earnings far outweighed the reduction in SSI benefits, treatment-group members benefited financially from their participation; we estimate that average income for the treatment-group members was more than 10 percent higher than it would have been in the absence of the demonstration.

Given the importance of work in our society, this combination of impacts suggests that treatment-group members will view the offer of transitional-employment services favorably. The demonstration-induced increase in job-holding not only increases the income of treatment-group members, but also provides nonpecuniary benefits as treatment-group members increase their interaction with other members of society and are able to adopt roles that are more in line with those held by their nondisabled peers. At the same time, the continuation of SSI benefits provides basic income support and security that are likely to be important to such persons as the demonstration participants, who are seeking to enter an often unsure and volatile labor market.

SSI Savings Are Too Small to Pay for the Transitional Employment Services

For the SSI budget, the small reductions in SSI payments represent the only financial benefit from the investment in transitional-employment services (there was essentially no impact on the receipt of Social Security Disability Insurance benefits). The estimated \$240

reduction in average SSI payments would offset only 4 percent of the \$5,600 that we estimate it would cost to provide services. This finding indicates that the SSI program could not justify bearing the full costs for transitional employment on financial grounds alone.

Consequently, it seems that the SSI program should investigate the possibility of providing partial program funding in line with the anticipated SSI reductions. Such partial funding would provide an incentive for other agencies responsible for providing assistance to persons with mental retardation to expand the availability of transitional-employment services, and, if properly designed, could ensure that the SSI budget would not incur net costs.

At least two possible funding plans deserve consideration: to provide vocational rehabilitation agencies with grants based on the number of SSI recipients served in state-operated transitional employment, or to provide funding for ongoing job-retention services to agencies that work with SSI recipients who are placed and trained on jobs by transitional-employment programs. In either case, the funding could be based on the estimated SSI savings attributable to the transitional-employment services, so that funding could be kept in line with the expected reduction in SSI payments.

Transitional Employment Need Not Increase Total Government Spending

Transitional employment affects the use of alternative vocational services paid for by the government, and thus will affect aggregate government expenditures for SSI recipients with mental retardation. The government would incur the \$5,600 average cost for program services. Our analysis indicates that the demonstration-induced shifts post-program in service use were cost-neutral from the aggregate government perspective: the costs of the increased job-retention services approximately equal the savings from a reduction in the use of sheltered workshops.

The demonstration experience holds important implications for the relationship between program targeting and program funding if transitional employment is to be undertaken on a broader scale. If transitional employment were provided to persons who would have used relatively few services otherwise, the transitional-employment services represent an overall expansion of assistance to persons with mental retardation. Our findings indicate that such an expansion would require an increase in expenditures.

The situation might be different if transitional-employment services were targeted toward persons currently in sheltered workgroups. Such a case would represent a shift in government funding

rather than an expansion of services to previously unserved persons. While the demonstration did not directly test this scenario, the impact analysis suggests that by recruiting persons from existing programs a transitional-employment program would be more likely to create a situation in which savings could be generated. In the first year, a switch of persons from workshops to transitional employment might increase total costs to the extent that the costs of transitional employment exceeded the costs of workshops. In subsequent years, it is likely that savings would accrue, since the costs of long-term job-retention services appear to be less than the costs of workshops, and it would be expected that some persons would succeed in the labor market to the extent that they no longer needed any special government-funded services.

Society as a Whole Can Benefit from Transitional Employment

When all groups in society are considered together, it appears that transitional employment has the potential of creating impacts that are sufficiently large to justify the costs of this type of service. This conclusion depends on the relative consideration given to the perspectives of the SSI recipients who enroll and of the various government budgets. It also depends on the value placed on increasing the community-based employment of SSI recipients with mental retardation.

As long as transitional-employment services are targeted toward a mix of SSI recipients with mental retardation, many of whom apparently would not receive vocational services otherwise, then it seems likely that the government would incur a net cost for operating the program (although some savings would offset the gross operating costs of transitional-employment programs).

Balancing this net expenditure are the earnings gains of the SSI recipients, as well as the nonpecuniary benefits of their increased integration into community life. Indeed, it is the increased self-esteem of persons with mental retardation who are able to enter and participate in the labor market, as well as the satisfaction that we as a society derive from assisting these individuals in their efforts, that represents the major justification of transitional-employment services.

ADDITIONAL INFORMATION ABOUT THE DEMONSTRATION

Complete information about the impacts of the demonstration is presented in:

“The Transitional Employment Training Demonstration: Analysis of Program Impacts.” Craig Thornton and Paul Decker. Princeton, NJ: Mathematica Policy Research, Inc., 1989.

The operational experience of the demonstration, including descriptions of the eight projects, the recruitment procedures, the specific transitional-employment services provided, placement rates, and program costs, is assessed in:

“The Transitional Employment Training Demonstration: Analysis of Program Operations,” by Craig Thornton, Shari Miller Dunstan, and Jennifer Schore. Princeton, NJ: Mathematica Policy Research, Inc., 1988.

A more individual-oriented view of the demonstration based on case studies of several clients is presented in:

“Making the Move: Case Histories of Persons in the Transitional Employment Training Demonstration.” Princeton, NJ: Mathematica Policy Research, Inc., 1987.