

Division of Vocational Rehabilitation

Program Details

The Division of Vocational Rehabilitation (DVR) within the state's Department of Social and Health Services offers services to help individuals with disabilities become employed. Depending on the individual and their functional limitations, this may include part-time employment, self-employment, or supported employment. Services are based on the needs of the individual and include: assessment; counseling; vocational, academic, and other training services; physical and mental restoration services; assistive technology; independent living services; mobility and transportation; communication services; and job search and placement.

Every year, the Workforce Board measures the performance of key workforce programs. In this report, you'll find out more about the program and who is served, the metrics used to measure performance and how the program performed.

Eligibility requires certification by DVR that the individual:

- Has a physical, mental, or sensory impairment that constitutes or results in a substantial impediment to employment.
- Requires vocational rehabilitation services to prepare for, enter into, engage in, or retain employment.
- Can benefit from vocational rehabilitation services in obtaining a job.

These strict eligibility requirements should be considered when reviewing the outcomes of DVR clients.

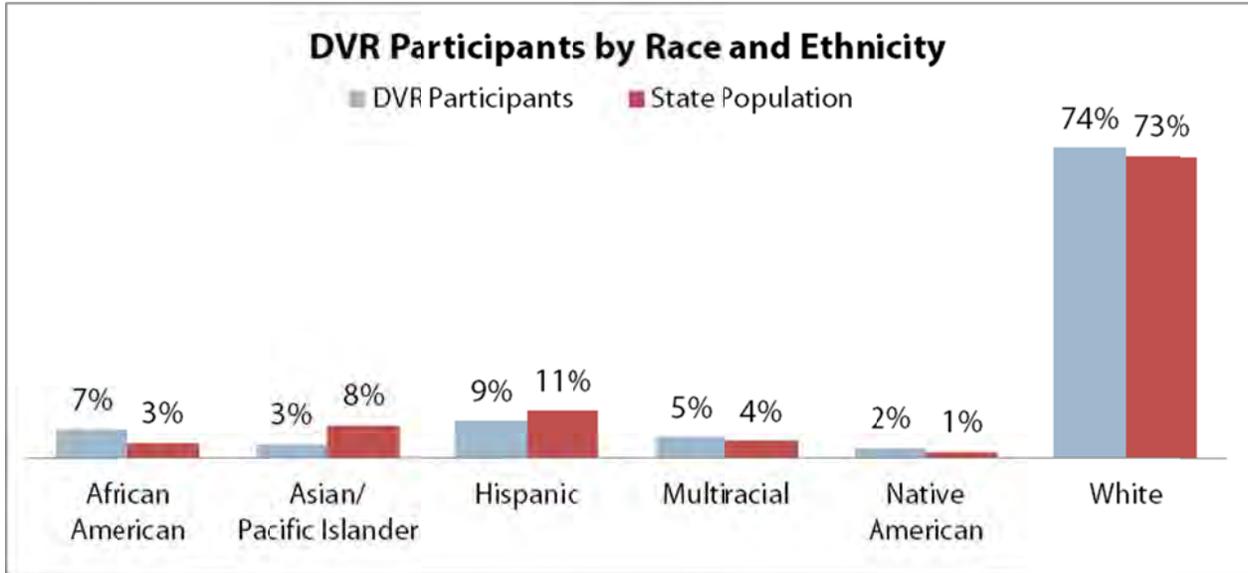
Participant Profile

For this 2012 report, researchers studied the results of 4,841 participants who left DVR programs during the most recent program year.¹ The median length of time DVR clients engaged in individualized employment plans was 10 months.

Significant programmatic changes need to be considered when examining outcomes for DVR clients over time. The most important of these is the adoption of an order-of-selection policy. Since the end of 2000, when program funds and staff resources were insufficient to serve all eligible applicants, DVR was required to maintain a waiting list for services. In initiating services to individuals on the waiting list, priority was given to those with the most significant disabilities: Priority 1 was individuals with most severe disabilities, Priority 2 was individuals with severe disabilities. By revamping the order-of-selection policy, and implementing other service improvements, DVR was able to eliminate the waiting list for clients in 2008.

¹ The 2012 Workforce Training Results reports are based on data observed in 2010-11 for individuals exiting programs during 2009-10.

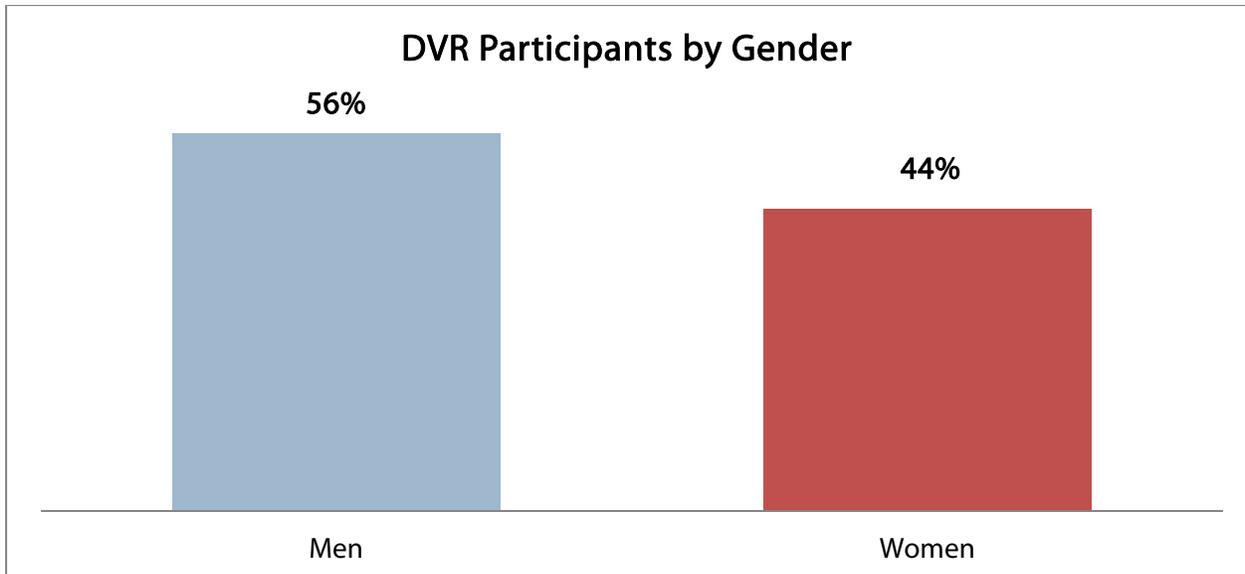
The racial/ethnic composition of the DVR clients roughly reflects those of the general population in Washington, though the African American and Native American population are slightly under represented and Asian/Pacific Islanders and Hispanics are slightly over represented.²



Source: Division of Vocational Rehabilitation administrative records 2009-10 and 2010 U.S. Census Data from the American Community Survey.

Nearly 44 percent of the clients were women, identical to the prior program year. Women were just as likely as men to finish the program.

² In this report, unless otherwise stated, racial and ethnic minority groups are mutually exclusive; that is, an individual belongs to one group only. The groups include the following: Hispanics of any race (also referred to as Hispanics); non-Hispanic African Americans (also referred to as African Americans); non-Hispanic Asians/Pacific Islanders (also referred to as Asians/Pacific Islanders); non-Hispanic Native Americans and Alaskan Natives (also referred to as Native Americans); non-Hispanic multiracial (also referred to as multiracial); and non-Hispanic whites (also referred to as whites). According to the 2010 U.S. Census Bureau estimates for Washington from the American Community Survey, 73 percent are white; 3 percent are African American; 1 percent are Native American; 8 percent are Asians/Pacific Islander; 4 percent are multiracial; and 11 percent are Hispanic.



Source: Division of Vocational Rehabilitation administrative records.

The median age upon entering a plan in the program was 39. One quarter of participants were under age 25 at entry, while another one quarter of participants were age 49 or older.

State Core Measures: Tracking DVR Progress

The Workforce Board routinely measures the performance of our state’s largest workforce programs. As a customer-focused advocate for Washington’s workers and employers, the Workforce Board strives to provide performance accountability, verifying whether worker education and training programs provide a return on investment for participants and taxpayers.

The Workforce Training Results report seeks to answer five core questions:

- Did participants get the skills they needed?
- Did participants get a job and how much were they paid?
- Were employers satisfied with the preparation workers received?
- Has the program made a difference in the participant’s success?
- Did participants and the public receive a return on their investment?

Data Comes From State Wage Files

The 2012 Workforce Training Results includes information obtained from Employment Security Department wage files in Washington, Idaho, and Oregon, and federal employment records for 2010-11.³

³ The Workforce Board’s 2012 Employer Survey, which measures the satisfaction of Washington’s employers with workforce programs such as DVR, is not included in this report because DVR’s sample size is not large enough.

Net Impact Study Adds More Insight Into Program Performance

This year's report includes a comprehensive Net Impact Study. To assess both short- and long-term employment and earnings trends, data on participant experiences through 2009 is used in the Net Impact Study. Conducted every four years, this study provides a head-to-head comparison of participants and non-participants to help answer a central question: How much of a workforce participant's success in obtaining a job, or a higher wage, is due to the workforce program? By comparing program participants with similar individuals who did not participate in a workforce training program, the Net Impact Study indicates whether employment and earnings gains are due to workforce programs, or if workers could have made this progress on their own. This research also allows for a more detailed analysis as to whether the participant and the public received a return on their investment in the program.

Turn to page 14 for the Net Impact Study. Conducted every four years, this in-depth report adds extra value to 2012 Workforce Training Results. The study provides a side-by-side comparison of participants vs. similar non-participants, answering the question of whether the program is making a difference.

Did Participants Get the Skills They Needed?

Some 51 percent of the DVR clients were classified as rehabilitated upon leaving the program (that is, they were working for 90 days prior to exit). This rehabilitation rate is lower than the 56 percent observed in the last report.

Did Participants Have a Job and How Much Were They Paid?

To find out whether participants had jobs and how much they earned, participant records were matched with Employment Security Department wage files from Washington and neighboring states.⁴ The study looks at employment and earnings three calendar quarters after the participant left the DVR program. Record matches found 43 percent had reported employment during the third quarter after they left the program. This is down from 46 percent the prior program year. The median hourly wage was \$11.18, and median annualized earning was \$13,103.⁵ Both median hourly wages and median annual earnings are up from the prior program year. Individuals deemed rehabilitated upon leaving the program—that is, those who had been working for 90 days—tended to have better employment and earnings outcomes than those not considered rehabilitated (69 percent employed and median earnings of \$14,175.)

⁴ These files contain quarterly earnings and hours worked information on those individuals with employment reported for unemployment insurance (UI) benefits purposes (approximately 90 percent of in-state employment, with self-employment, active duty military, and those working for religious nonprofit organizations being the major groups of employers not included).

⁵ Annual earnings are calculated as third quarter earnings multiplied by four. Quarterly earnings are the result of hourly wage rates and the number of hours worked in a calendar quarter. All wages and earnings are stated in first quarter 2011 dollars.

DVR clients observed in 2012 had employment rates 3 percentage points lower than those in 2011. However, full time employment jumped 10 percentage points. Also, when looking at those considered to be rehabilitated, the employment rate was just 1 percentage point less than employment for rehabilitated clients in the previous report. Participants that are considered rehabilitated had their inflation-adjusted median hourly wage increase slightly and annual earnings increased by just over \$1,500, or about 12 percent from the 2011 report.

Employment and Earnings DVR Participants, 2012

| Performance Measure | Results |
|----------------------------------|-----------|
| Employment Rate* (State Records) | 43% |
| Full Time Employment ** | 38% |
| Median Hours Worked Quarterly | 294 hours |
| Median Hourly Wage*** | \$11.18 |
| Median Annualized Earnings*** | \$13,103 |

* These figures apply to those with employment reported to state employment agencies six to nine months after leaving the program. Rate does not include self-employment, employment outside the Northwest or military service and thus understates total employment by approximately 10 percent.

** Full-time employment averages 30 or more hours per week.

*** Earnings/wages expressed in first quarter 2011 dollars in order to account for inflation.

Earnings of DVR Participants

To better gauge the financial effectiveness of Washington’s workforce programs, it helps to frame income levels. One common yardstick is the federal poverty level. In 2011, the federal poverty level for one person was \$10,890 per year.⁶

In 2012, DVR participants were able to support a median 1.5 people at the poverty level—meaning they could support themselves and half of another person. They did not have enough earnings to support themselves, let alone others, at 200 percent of the poverty level (.6 people).

Number of People Supported at Poverty Level by Participant Income

| Performance Measure | 2004 | 2006 | 2008 | 2010 | 2011 | 2012 |
|---|------|------|------|------|------|------|
| Household size-poverty level | 2.1 | 2.5 | 1.5 | 1.9 | 1.2 | 1.5 |
| Household size-poverty level at 200 percent | 0.7 | 0.8 | 0.6 | 0.7 | 0.5 | 0.6 |

⁶ Poverty levels from 2011 were used in this edition of Workforce Training Results to measure the results of workforce programs on participants observed in 2010-11. The federal poverty level is determined by the Department of Health and Human Services. The level varies according to family size. The number is adjusted for inflation and reported annually in the form of poverty guidelines. Public assistance programs typically define eligibility income limits as some percentage of the federal poverty level.

DVR Participants Receiving Benefits from Employers

| Performance Measure | 2004 | 2006 | 2008 | 2010* | 2011 | 2012* |
|---|------|------|------|-------|------|-------|
| Self-Reported Medical Benefits from Employer | 44% | 37% | 44% | N/A | 55% | N/A |
| Self-Reported Retirement Benefits from Employer | 25% | 18% | 28% | N/A | 31% | N/A |

* Due to budget limitations, the Workforce Board's Participant Survey was not conducted in 2010 or 2012.

The following table shows employment and earnings information over the course of six study periods.

Employment and Earnings Trends for DVR Participants, 2010-11

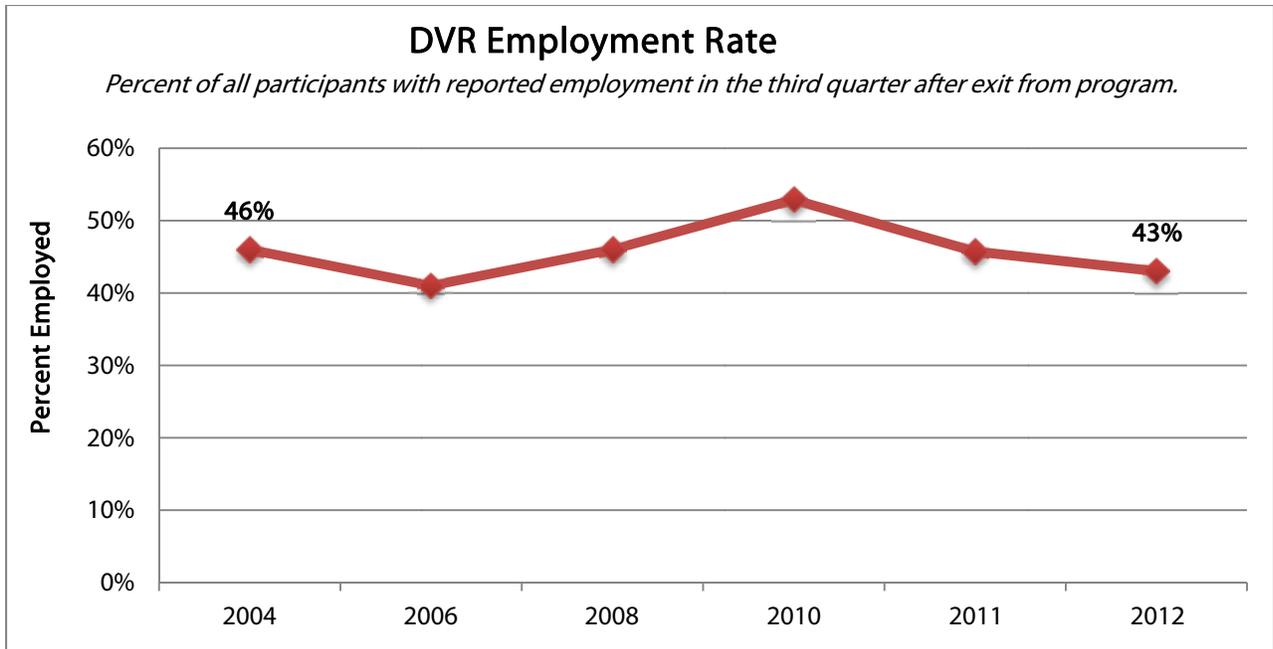
| Performance Measure | 2004 | 2006 | 2008 | 2010 | 2011 | 2012 |
|----------------------------------|----------|----------|----------|----------|----------|----------|
| Employment Rate (Self-Reported) | 52% | 40% | 56% | N/A | 56% | N/A |
| Employment Rate* (State Records) | 46% | 41% | 46% | 53% | 46% | 43% |
| Full Time Employed ** | 43% | 39% | 37% | 37% | 28% | 38% |
| Median Quarterly Hours | 310 | 299 | 284 | 284 | 285 | 294 |
| Median Hourly Wage*** | \$11.90 | \$10.88 | \$10.40 | \$10.74 | \$11.14 | \$11.18 |
| Median Annualized Earnings*** | \$14,495 | \$12,794 | \$11,508 | \$11,571 | \$12,064 | \$13,103 |

*These figures apply to those with employment reported to ESD six to nine months after leaving program. Rate does not include self-employment, employment outside the Northwest or military service and thus understates total employment by approximately 10 percent.

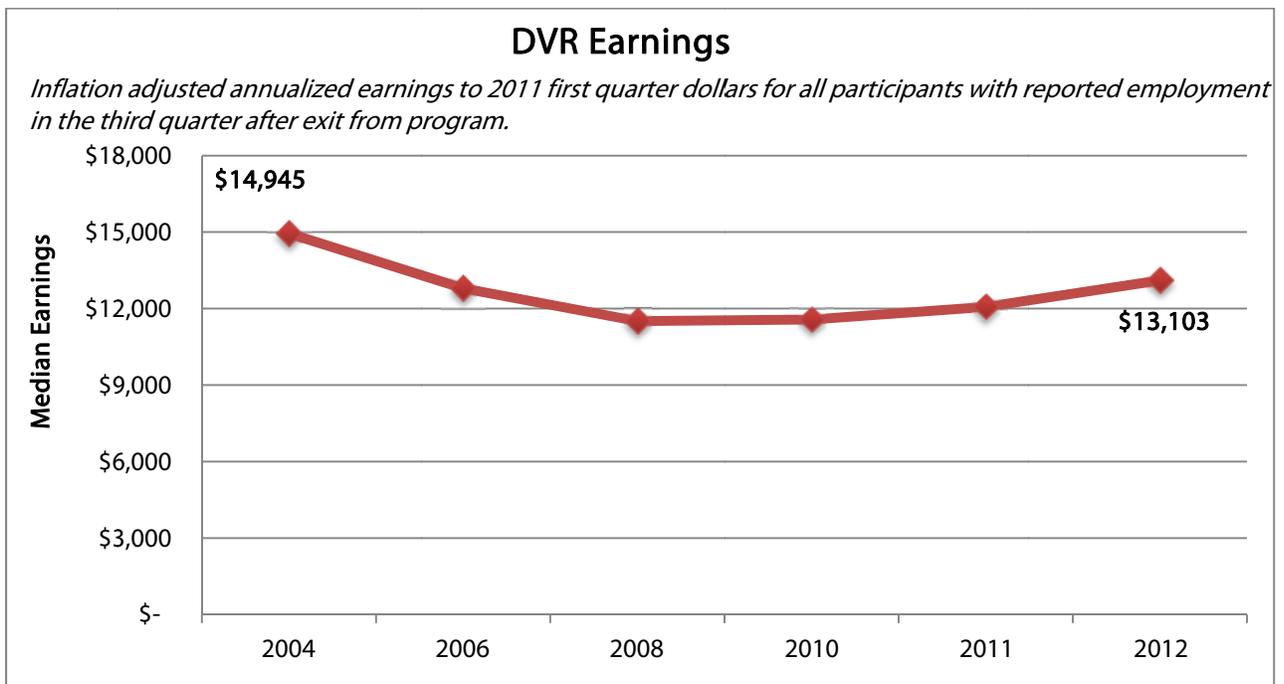
**Full-time employment averages 30 or more hours per week.

***Earnings/wages expressed in first quarter 2011 dollars in order to account for inflation.

The official state employment rate among all participants has declined for the second consecutive year to 43 percent in 2012 after reaching a high point of 53 percent in 2012. Median hourly wages are nearly identical in 2012 to the prior year, whereas median annual earnings increased in 2012 by over \$1,000.



Source: Workforce Training Results 2004-12.



Source: Workforce Training Results 2004-12.

DVR Employment by Industry

Employment among DVR clients continued to be heavily concentrated in services (56 percent) and the retail trade industries (20 percent). Within services, social assistance (13 percent) and health care (12 percent) are the largest employers of DVR program exiters.

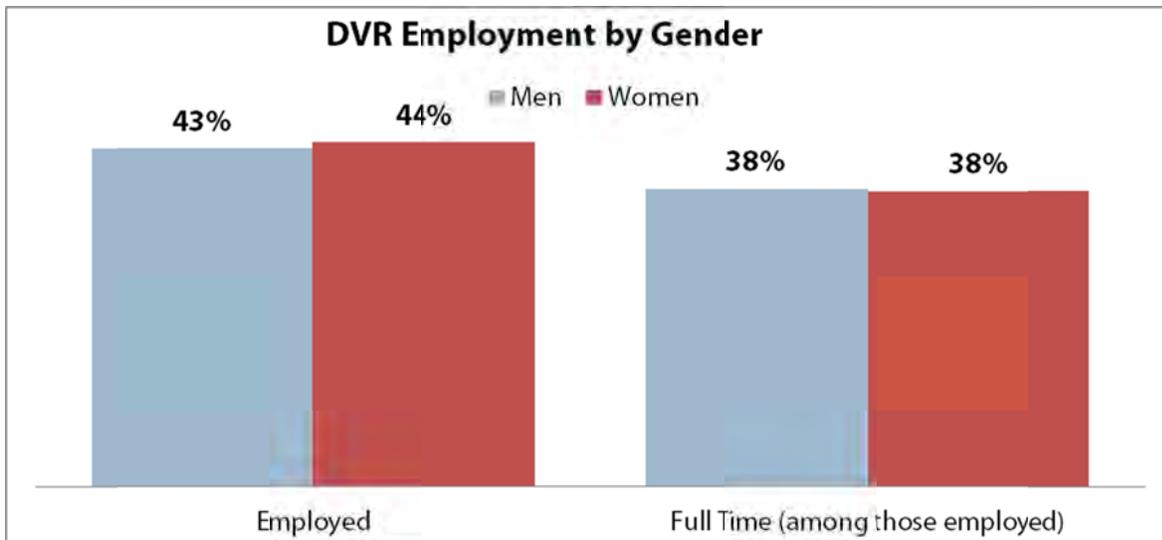
| Industry Group | Percent |
|---|---------|
| Services | 55.9% |
| Retail Trade | 20.1% |
| Manufacturing | 5.6% |
| Public Administration | 4.4% |
| Transportation and Warehousing and Utilities | 2.9% |
| Construction | 2.8% |
| Financial Activities | 2.7% |
| Natural Resources and Mining | 2.1% |
| Wholesale Trade | 2.0% |
| Information | 1.4% |
| Breakout of Services Industry | |
| All Other Services | 15.1% |
| Social Assistance | 13.4% |
| Health Care | 12.2% |
| Administrative & Support & Waste Mgmt & Remediation | 8.6% |
| Educational Services | 6.6% |
| Breakout of Retail Trade Industry | |
| All Other Retail Trade | 7.7% |
| General Merchandize Stores | 6.4% |
| Food & Beverage Stores | 5.5% |
| Gasoline Stations | 0.5% |

Source: Matches with Employment Security Department data in third quarter after exiting program. Industry groups based on North American Industry Classification System codes.

Wages and Employment Results Vary by Population

Wage and employment results can vary by gender, and race and ethnicity.

However, in terms of gender parity, women are doing quite well compared to men in the DVR program. The employment rate for women exiting the DVR program was nearly equal to that of men (44 versus 43 percent), and men and Women were just as likely to be working full time (38 percent). Further, women's median hourly wages were slightly higher than men's (\$11.29 versus \$11.11), while their median annual earnings were nearly identical to men's (\$13,137 versus \$13,039)

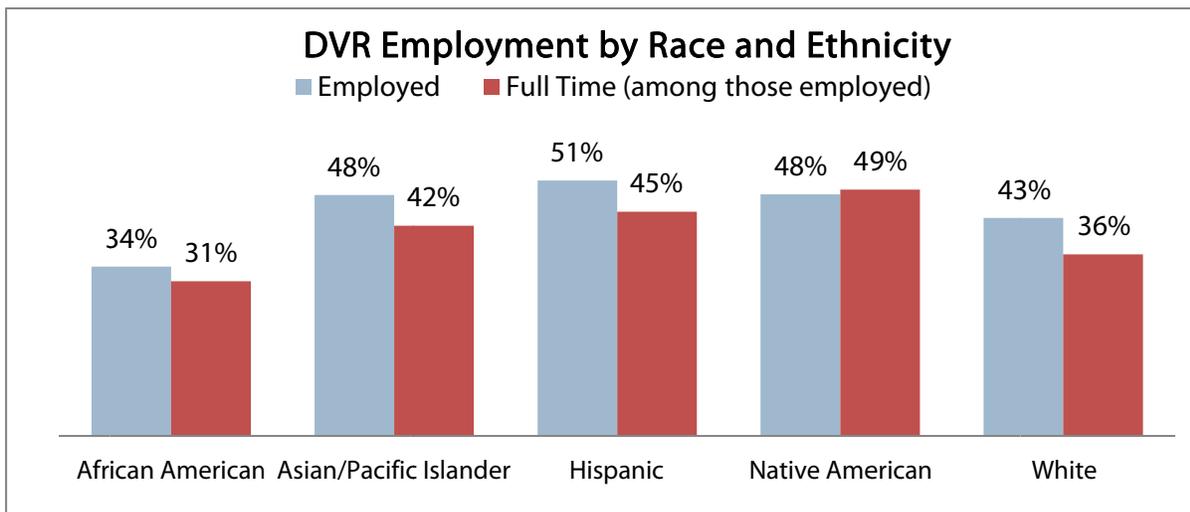


Source: Matches with Employment Security Department data.

Race/Ethnicity Plays Role

Substantial variation was found among employment rates by race and ethnicity. Hispanics had the highest employment rate at 51 percent, followed by Asian/Pacific Islanders and Native Americans (48 percent), whites (43 percent), and African Americans (34 percent). Full time employment rates were also varied. Native Americans had the highest full time employment rate (49 percent), followed by Hispanic (45 percent), Asian/Pacific Islander (42 percent), white (36 percent) and African Americans (31 percent).

Native Americans had the highest median annual wage at \$11.62. Hispanics had the lowest median hourly wage at \$10.68, with African Americans (\$11.48), Asian/Pacific Islanders (\$11.07) and whites (\$11.28) having earnings in between. Median annual earnings were about the same for African Americans as whites (\$13,375 versus \$12,282), while Asians/Pacific Islanders (\$15,441) Native Americans (\$19,419) and Hispanics (\$15,049) earned more.

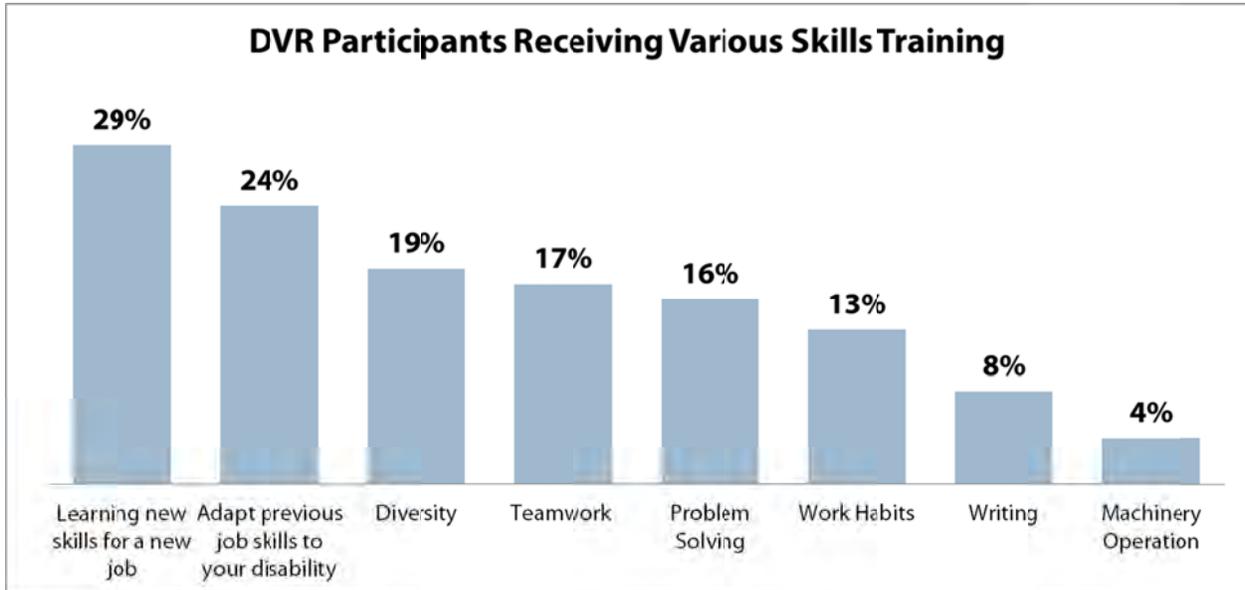


Source: Matches with Employment Security Department data.

Competency Gains

In 2011, the Workforce Board surveyed DVR participants who had left their program in 2009-10. The survey provided data on employment and participant satisfaction with the training. The survey was conducted by telephone and was completed by 75 participants.

Of those responding to the survey, 80 percent entered the DVR program to get job search assistance and 68 percent of DVR clients enrolled in the program to learn skills for a new job. Among the skills provided by DVR, most clients received training in learning new skills for a new job (29 percent) and adapting previous job skills to their disability (24 percent).

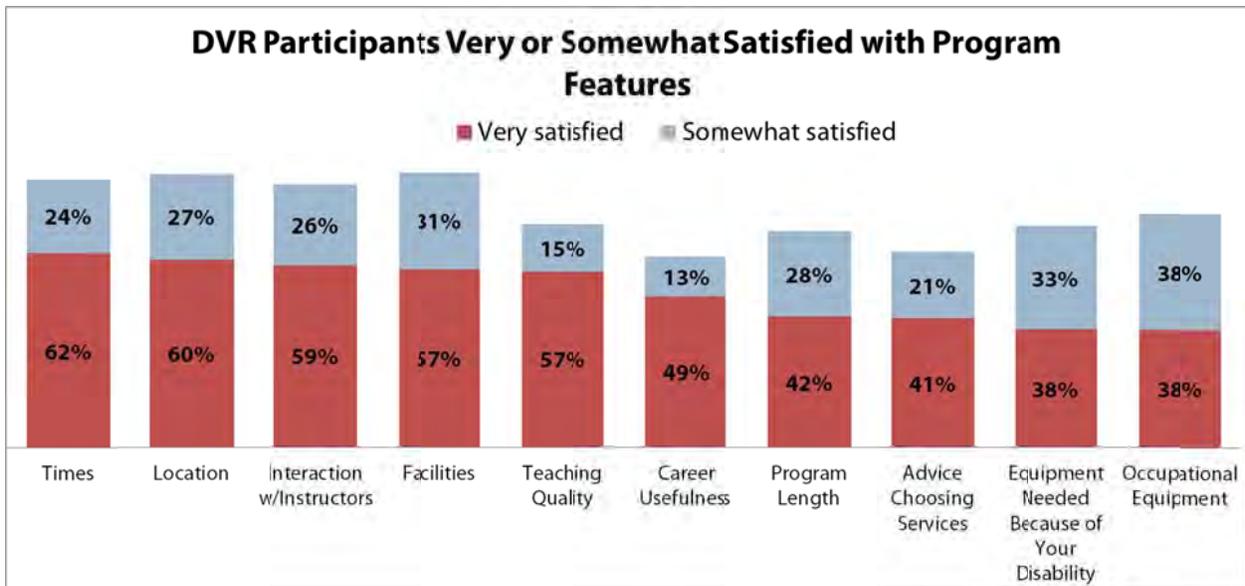


Source: Workforce Board's Participant Satisfaction Survey 2011.

Among those employed in the third quarter after leaving the program, 58 percent indicated their training was related to their job, which was up from 55 percent on the 2008 survey.

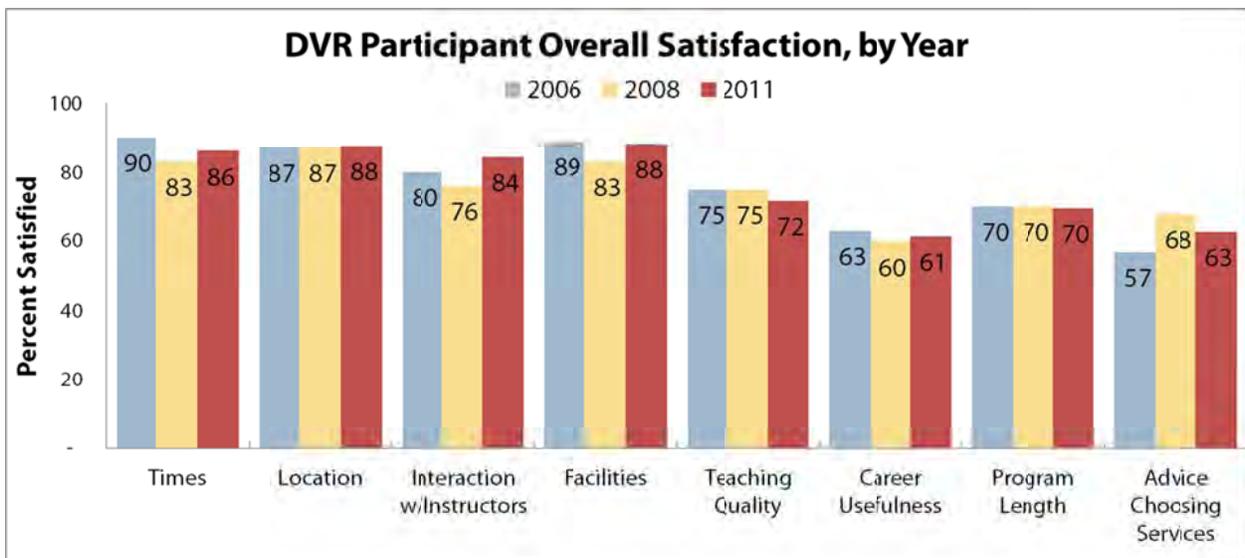
Participant Satisfaction

Some 75 percent of clients said they were "very satisfied" or "somewhat satisfied" with their DVR program, slightly lower than the satisfaction level reported in 2008. Respondents reported relatively high overall levels of satisfaction with times, location, interaction with instructors, and the program's facilities. Overall satisfaction (participants indicating they were either very or somewhat satisfied) was lowest with respect to usefulness of the program to their careers. However, since 2008 the percentage of participants who indicated they were "very satisfied" with DVR's career usefulness has increased 10 percentage points.



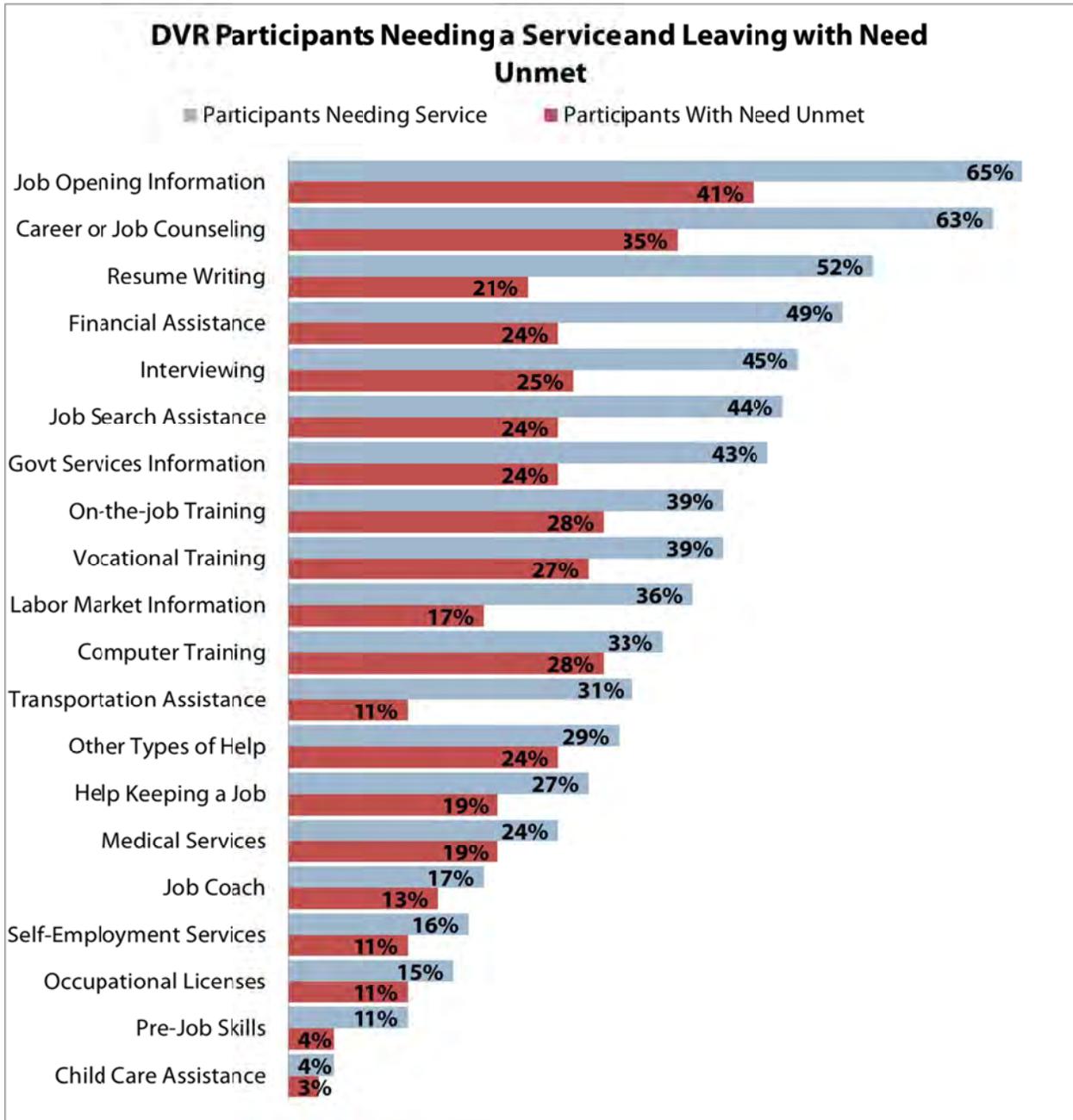
Source: Workforce Board's Participant Satisfaction Survey 2011.

Over the past three surveys, participant satisfaction with various program features has remained fairly steady. The largest gain in satisfaction was with interaction with instructors. Participant satisfaction with instructors increased by 8 percentage points, from 76 percent in 2008 to 84 percent in 2011. Participant satisfaction with program facilities also increased, from 83 percent in 2008 to 88 percent in 2011. The largest decrease was in advice choosing services, which dropped from 68 percent in 2008 to 63 percent in 2011. All other programs had changes of 3 percentage points or lower, or did not change at all. Satisfaction with program length held steady for the last three surveys, with 70 percent of participants indicating they were satisfied with the length of the program.



Source: Workforce Board's Participant Satisfaction Survey 2011.

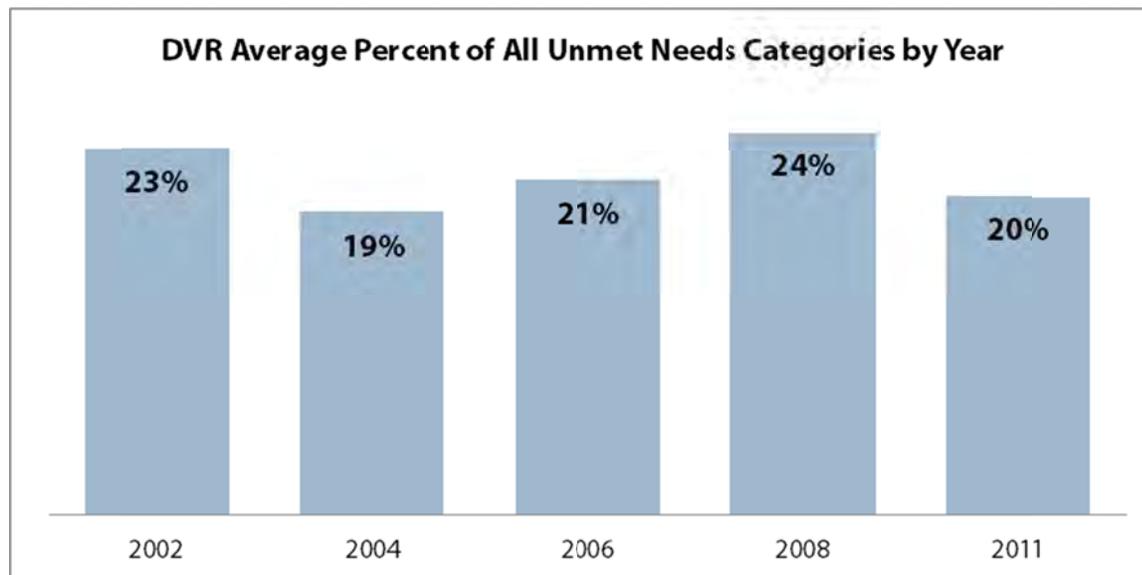
Similar to 2008, DVR clients indicated information about job openings and job counseling as the support services they needed most while participating in the program. While the majority of clients had their support service needs met, over 40 percent left with an unmet need for job opening information, and 35 percent left with an unmet⁷ need for information about job counseling.



Source: Workforce Board's Participant Satisfaction Survey 2011.

⁷ Unmet need refers to cases where the student reports that either they did not receive the required service or what was provided did not meet their needs.

Overall, the percentage of unmet needs reported by DVR participants has decreased since the last participant survey in 2008.



Source: Workforce Board's Participant Satisfaction Survey 2011.

Relationship of Training to Employment

To measure the extent to which a participant's education program and training related to employment, we asked participants three questions:

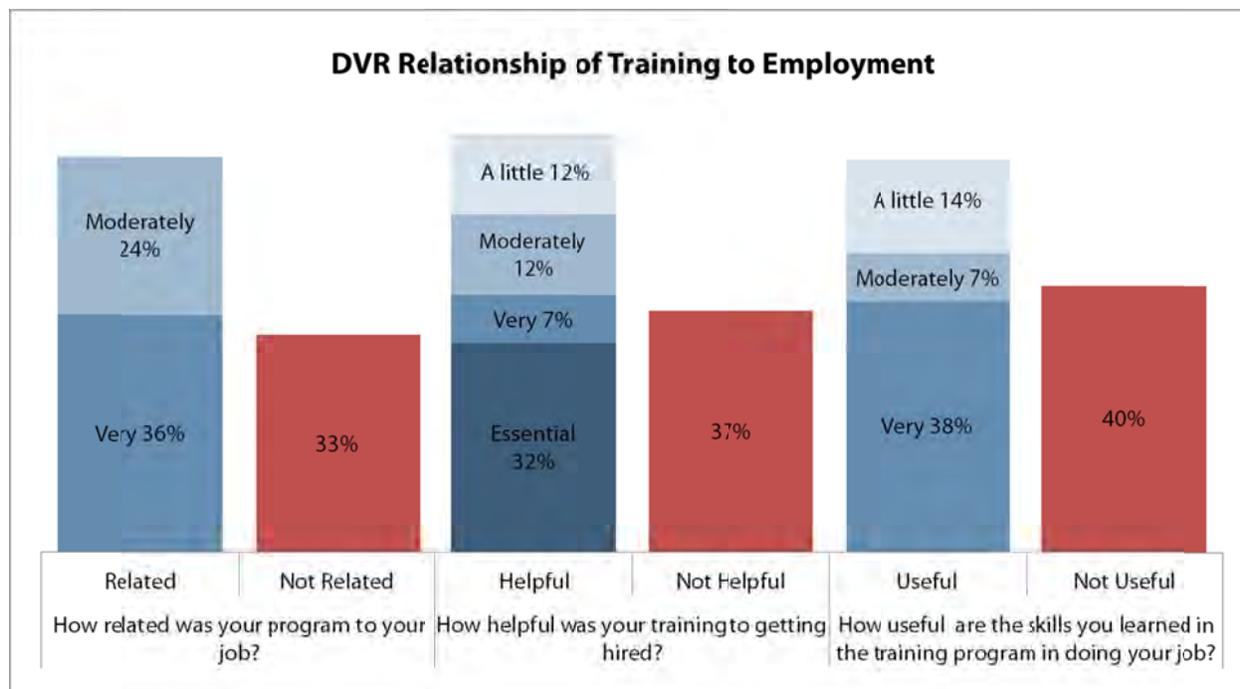
1. How related was the program to their job?
2. How important was the training in getting hired?
3. Are the skills they learned useful in their job?

Asking about the relationship between training and employment in different ways can produce more complete information. For example, some participants said their training was not related to their job, but nevertheless found the skills acquired were useful on the job.

Among participants employed seven to nine months after leaving a program, 36 percent said their training was "very related" to their job. A further 24 percent reported the training was "somewhat related" to their job. In 2008, slightly lower rates of employed participants reported their training was "very related" (30 percent) while a similar percentage of participants said the training was "somewhat related."

DVR participants interviewed in 2011 also indicated the training was helpful to them in getting their job. Of those participants, 32 percent indicated their training was an "essential requirement," another 7 percent indicated it was "very important," and 12 percent reported it was "moderately important." Twelve percent said it was "a little helpful." The remaining 37 percent indicated their training was "not important at all" to getting their job.

Most participants said the skills they learned in their training program were useful in doing their job. Some 38 percent of participants indicated the skills were “very useful,” 12 percent said “moderately useful,” and 10 percent “a little useful.” The remaining 40 percent of participants who were employed indicated the skills were “not useful at all.”



Source: Workforce Board's Participant Satisfaction Survey 2011.

Net Impact - Did Program Make a Difference in Participant Success

Every four years the Workforce Board conducts net impact and cost-benefit analyses of workforce development programs. This detailed study compares participants and non-participants. The net impact part of this study attempts to measure whether the program made a difference in the participant's success. Washington is the only state to periodically conduct rigorous net impact evaluations of its workforce programs.

The Division of Vocational Rehabilitation program has positive net impacts on employment and hours worked each quarter.

The net impact analysis was conducted by the W.E. Upjohn Institute for Employment Research (Upjohn), a national leader in evaluating training programs. To do the analysis, Upjohn studied program participants to see what results they achieved and compared these results with a control group. Individuals who participated in a Division of Vocational Rehabilitation program were compared

to individuals who had similar demographic characteristics, but who did not participate in any of the programs included in the study. The comparison group members were selected from among those who had been found eligible for DVR services, but chose not to participate.

The most recent net impact analyses examined experiences of participants who left Division of Vocational Rehabilitation programs through 2009. The short-term impact (Program Year 2007-08) was observed in 2008-09, while the long-term impact (Program Year 2005-06) was observed from 2006-07 through 2008-09.

Impact on Employment and Earnings: Participants vs. Control Group

| Vocational Rehabilitation | Short-term [^] | Long-term [^] |
|-----------------------------|--------------------------------|--------------------------------|
| Net Employment Impacts* | 12.80 percentage points | 12.40 percentage points |
| Net Hourly Wage Impacts** | No significant positive impact | No significant positive impact |
| Net Quarterly Hours Impacts | No significant positive impact | 47.4 |
| Net Annualized Earnings** | \$1,309 | \$1,396 |

[^]Short-term is 3 quarters after program exit; Long-term is average across 3 years since program exit.

*Percentages listed are employment percentage points above those of the control group of non-participants.

**Wages and earnings, expressed in first quarter 2011 dollars; they represent the average difference between DVR participants who got jobs and those in the control group who were employed.

As can be seen above, the DVR program had a significant impact on employment, and boosted wages when comparing participants with non-participants. Also, the long-term impact on the number of hours worked each quarter was substantial for program participants.

Costs and Benefits

The cost-benefit analysis estimates the value of the net impact on earnings, employee benefits (estimated at 25 percent of earnings), UI benefits, and certain taxes.⁸ Program costs include both direct costs and support payments borne by the taxpayers and the tuition and foregone earnings borne by program participants. Benefits and costs are calculated for both the observed period of time and based upon a statistical model that estimated the benefits and costs out to age 65. To compare benefits and costs in terms of net present values, post-program benefits and costs are discounted by 3 percent per year and all figures are stated in 2011 Q1 dollars to control for inflation. The benefits and costs presented here are based on impacts estimated for clients leaving programs in 2005-2006 (observed from 2006-07 through 2008-09), because a longer-term follow-up is required for this analysis.

⁸ Upjohn estimated the impact of the net change in earnings on social security, Medicare, federal income, and state sales taxes.

Participant and Public Benefits and Costs per Participant in Division of Vocational Rehabilitation

| Benefit/Cost | First 2.5 years | | Lifetime (until 65) | | Sum of Costs and Benefits |
|-----------------------|-----------------|-----------------|---------------------|-----------------|---------------------------|
| | Participant | Public | Participant | Public | |
| Benefits | | | | | |
| Earnings | \$4,373 | \$0 | \$18,396 | \$0 | |
| Fringe Benefits | \$1,093 | \$0 | \$4,599 | \$0 | |
| Taxes | -\$668 | \$668 | -\$2,813 | \$2,813 | |
| Transfers | | | | | |
| UI | -\$235 | \$235 | -\$271 | \$271 | |
| Costs | | | | | |
| Foregone net earnings | \$802 | \$111 | \$802 | \$111 | |
| Program costs | \$0 | -\$7,296 | \$0 | -\$7,296 | |
| Benefits | \$4,563 | \$903 | \$19,912 | \$3,084 | |
| Costs | \$802 | -\$7,185 | \$802 | -\$7,185 | |
| Total (Net) | \$5,365 | -\$6,282 | \$20,714 | -\$4,100 | \$16,613 |

Note: Benefits and costs are expressed in 2011 first quarter dollars.

For each client in a DVR program, the public (taxpayer) cost is \$7,296 over the length of their enrollment. Typically while participating in employment and training programs, individuals forego earnings. DVR clients, however, had net earnings during participation of \$802 over non-participants. During the first two and one-half years after leaving DVR, the average client will gain \$5,175 in earnings. During the course of working life to age 65, the average client will gain about \$19,199 in net earnings (net impact earnings plus earnings during participation) and about \$4,599 in employee benefits.

These are net gains compared to the earnings of similar individuals who did not receive DVR services. Including program costs and the net impacts on taxes and unemployment insurance benefits, the total net benefit per participant is \$20,714.

Projected participant net benefits to age 65 outweigh public costs for the DVR program by a ratio of 3 to 1, or \$20,714 to \$7,296.

From the time of leaving the DVR program to age 65, the public is forecast to gain about \$2,813 per participant in net additional social security, Medicare, federal income, and state sales taxes and to save \$271 per client in UI benefits. The estimated lifetime net cost to taxpayers is \$4,100 per participant.

Projected taxpayer net benefits to age 65 are less than public costs invested in DVR services by a ratio of .4 to 1 or \$3,084 to \$7,296.