



Workforce Training and Education Coordinating Board

2015 Workforce Training Results

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.

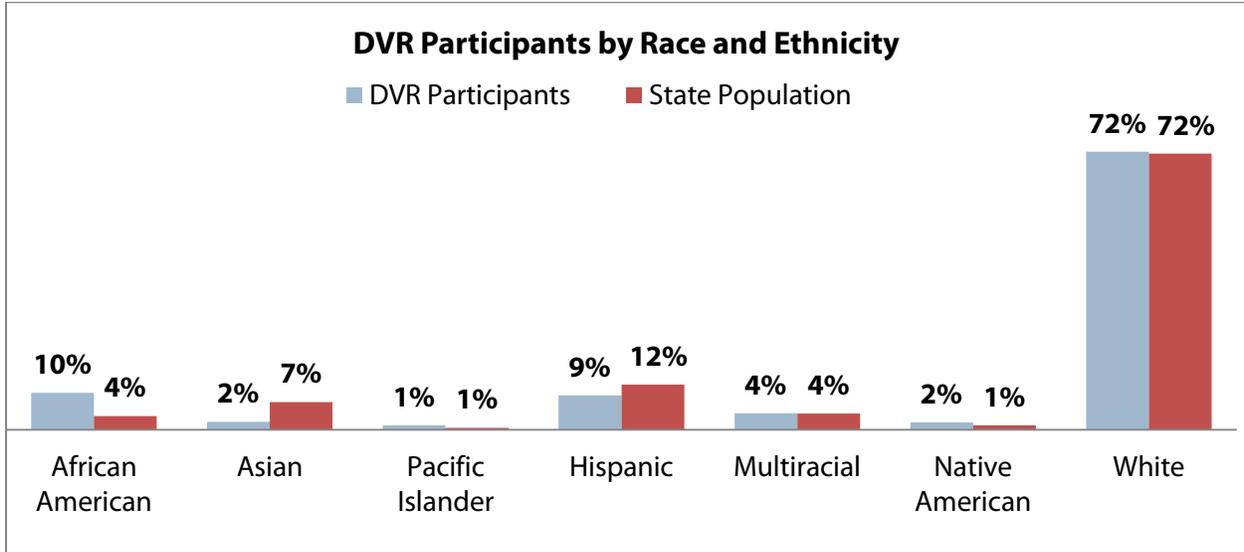
Participant Profile

For this 2015 report, researchers studied the results of 5,041 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 12 months.

¹ The 2015 Workforce Training Results reports are based on data observed as recently as 2013-2014 for individuals exiting programs during 2012-13.

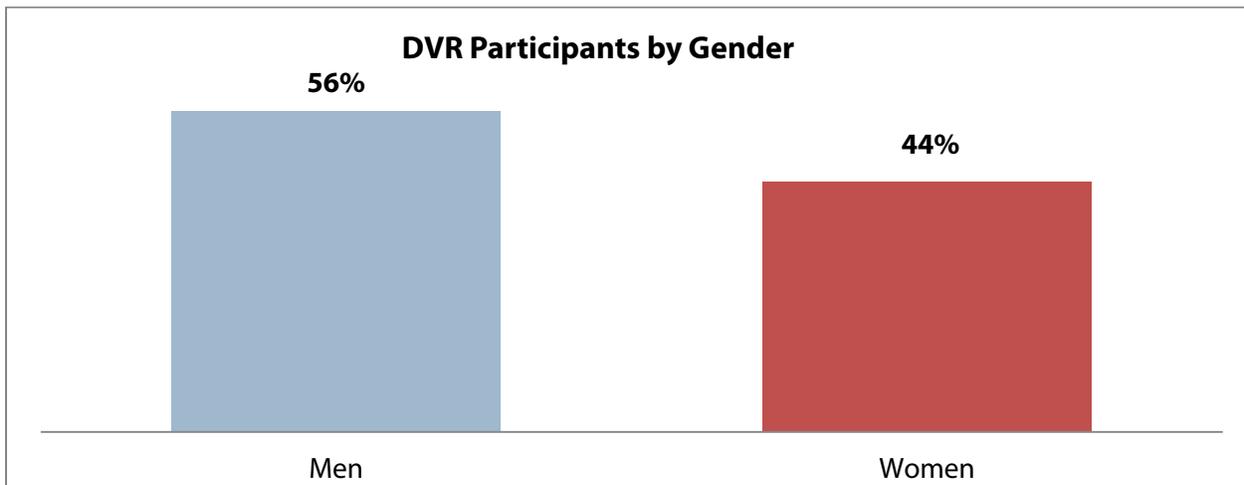


The racial/ethnic composition of the DVR clients roughly reflects those of the general population in Washington; although the African American population is over represented and the Asian and Hispanic populations are underrepresented.



Source: Division of Vocational Rehabilitation administrative records 2012-13 and 2012 U.S. Census Data from the American Community Survey.

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



Source: Division of Vocational Rehabilitation administrative records.



The median age upon entering a plan in the program was 38. One quarter of participants at entrance were under age 25 at entry, while another one quarter of participants were age 49 or older.

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 2015 Workforce Training Results includes information obtained from Employment Security Department wage files in Washington, Idaho, and Oregon, and federal employment records for 2013-14.²

Net Impact Study Adds More Insight Into Program Performance

In addition, the report includes a comprehensive 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 11 for the Net Impact Study. Conducted every four years, this in-depth report adds extra value to 2015 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.

² 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.



Did Participants Get the Skills They Needed?

Some 55 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 about the same as 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.³ The study looks at employment and earnings three calendar quarters after the participant left the DVR program. Record matches found 50 percent had reported employment during the third quarter after they left the program. This is the same percent in the prior program year. The median hourly wage for all DVR participants declined from \$11.58 to \$11.29. Median annualized earnings were \$13,718 (down from \$13,808 of last year's earnings when inflation adjusted to 2014 first quarter dollars).⁴ Both median hourly wages and median annual earnings are down 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 (74 percent employed and median earnings of \$14,517).

DVR clients observed for the 2015 Workforce Training Results had employment rates holding steady with rates reported in 2014. Full-time employment was likewise equivalent to rates reported in 2014. When looking at those considered to be rehabilitated, the employment rate was 2 percentage points lower than employment for rehabilitated clients in the previous report. Participants that are considered rehabilitated had their inflation-adjusted median hourly wage at \$11.31, down from \$11.78 from the previous year and the annual earnings were \$14,517 compared to the 2013 report (\$14,857).

³ 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).

⁴ 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 2014 dollars.



2014 Employment and Earnings DVR Participants

Performance Measure	Results
Employment Rate* (State Records)	50%
Full-Time Employment**	38%
Median Hours Worked Quarterly	302 hours
Median Hourly Wage***	\$11.29
Median Annualized Earnings***	\$13,718
Median Annualized Earnings (rehabilitated)	\$14,517

*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 2014 dollars in order to account for inflation.

Earnings of DVR Participants

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

Employment and Earnings Trends for DVR Participants

Performance Measure	2010	2011	2012	2013	2014
Employment Rate* (State Records)	46%	43%	47%	50%	50%
Full-Time Employed **	28%	38%	40%	38%	38%
Median Quarterly Hours	285	294	307	297	302
Median Hourly Wage***	\$11.66	\$11.70	\$11.92	\$11.58	\$11.29
Median Annualized Earnings***	\$12,628	\$13,716	\$14,858	\$14,857	\$13,718

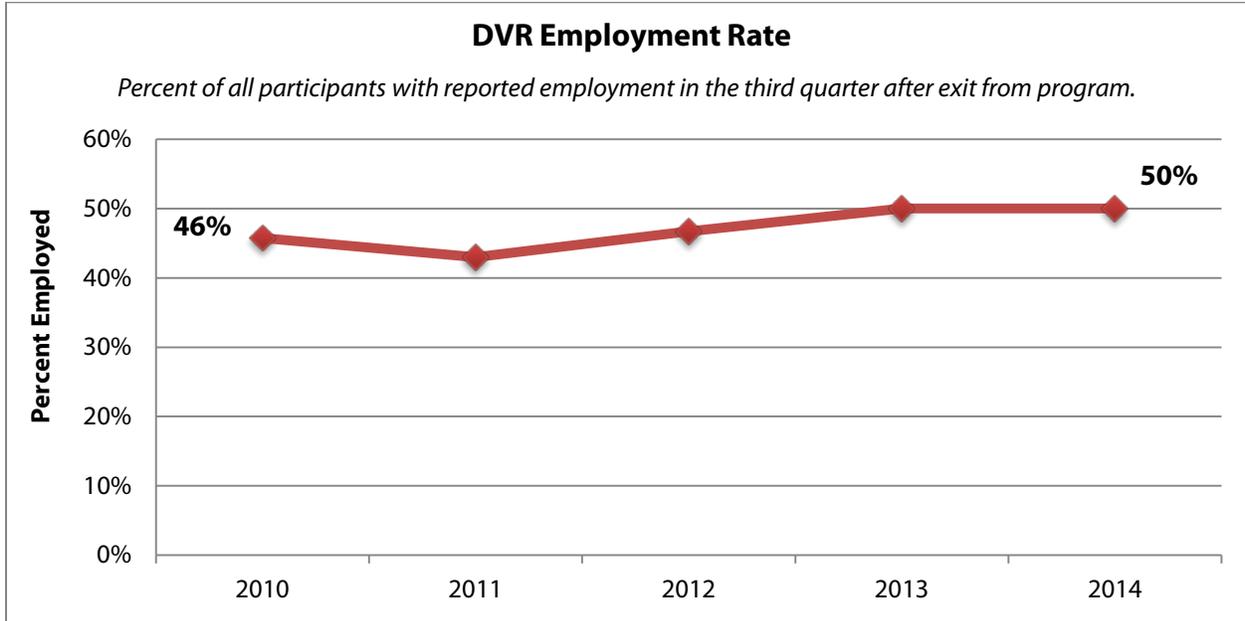
*These figures apply to those with employment reported to the state's Employment Security Department six to nine months after leaving program. Rate does not include self-employment, employment outside the Northwest or military service and thus understates total employment by approximately 10 percent.

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

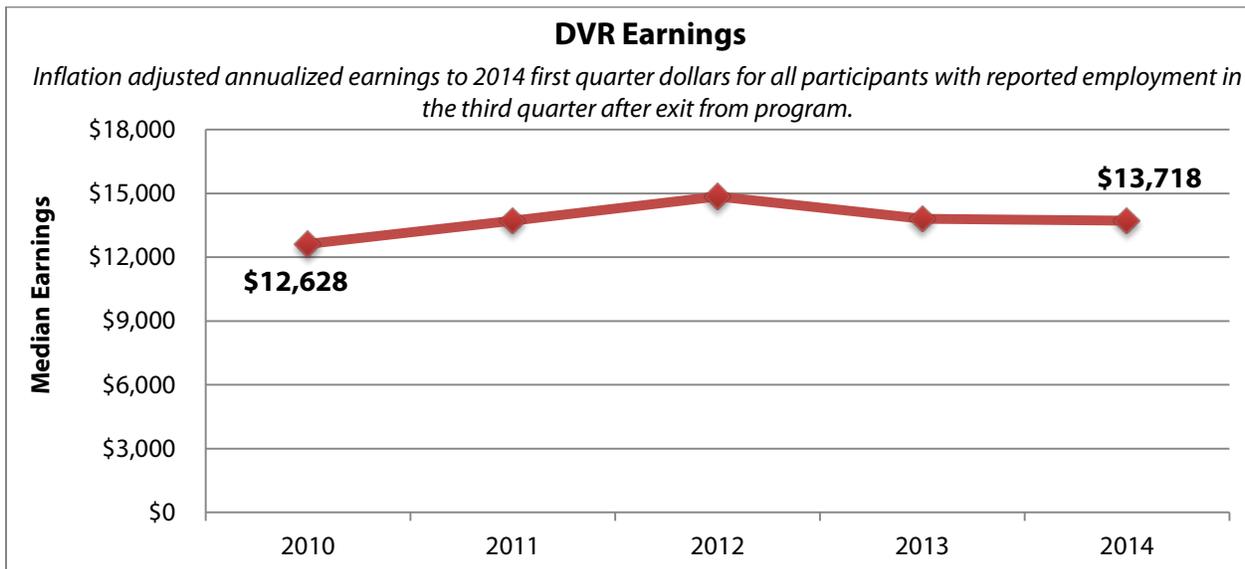
***Earnings/wages expressed in first quarter 2014 dollars in order to account for inflation.



The state employment rate and median annual earnings among all participants remained at the same levels since the last report. Median hourly wages decreased, whereas median quarterly hours increased since the last report.



Note: Rate does not include self-employment, employment outside the Northwest or military service and thus understates total employment by approximately 10 percent.



Note: This chart shows annualized earnings in 2013 first quarter dollars to account for inflation.



DVR Employment by Industry

Employment among DVR clients continued to be heavily concentrated in the services. Within services, "All Other Services" (20 percent) was the largest employer of DVR program exiters, followed by social assistance.

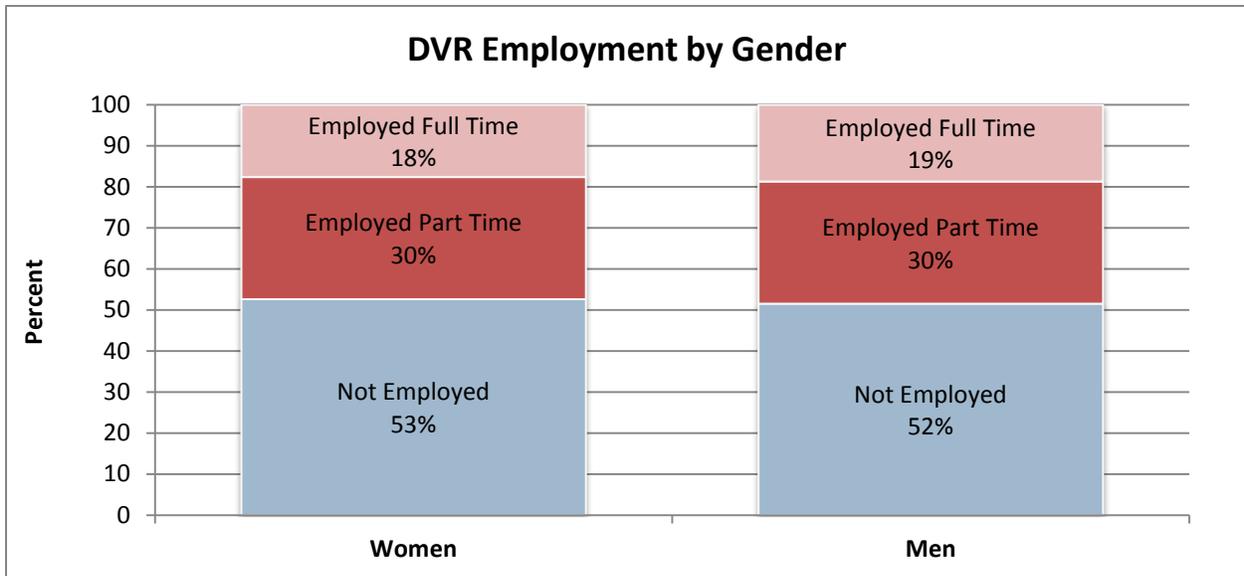
Industry Group	
57.5%	Services (see breakout)
17.3%	Retail Trades (see breakout)
7.7%	Manufacturing
4.0%	Transportation and Warehousing and Utilities
3.2%	Financial Activities
2.9%	Public Administration
2.6%	Construction
2.4%	Wholesale Trade
1.5%	Natural Resources and Mining
1.1%	Information
Breakout of Services	
20.0%	All Other Services
11.6%	Social Assistance
9.8%	Health Care
5.3%	Educational Services
10.8%	Administrative & Support & Waste Mgmt & Remediation
Breakout of Retail Trades	
7.3%	All Other Retail Trade
5.6%	General Merchandise Stores
4.1%	Food & Beverage Stores
0.3%	Gasoline Stations

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



Wages and Employment Results Vary by Population

Wage and employment results can vary by gender, and race and ethnicity. Women and men in the DVR program had comparable rates of employment, differing by 1 percentage point (48 percent versus 49 percent). They also had comparable rates of full time and part time employment. Nineteen percent of men were employed full time (30 percent part time) while 18 percent of females were employed full time (18 percent part time). Women's median hourly wages were slightly lower than men's (\$11.23 versus \$11.34); but median annual earnings for women were slightly higher than men's earnings (\$13,781 versus \$13,687).



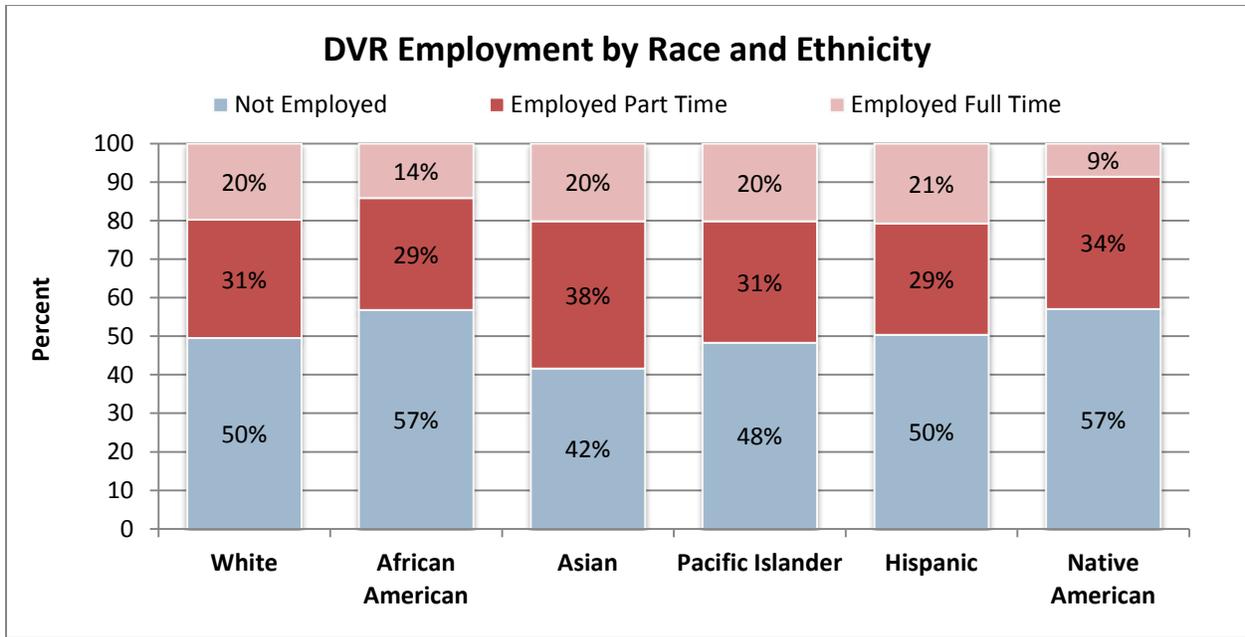
Source: Matches with Employment Security Department data.

Race/Ethnicity Plays Role

Substantial variation was found among employment rates by race and ethnicity. Asians had the highest employment rate at 58 percent (20 percent were employed full time and 38 percent part time). Pacific Islanders and Whites both had the second highest employment rates (51 percent) followed closely by Hispanics (50 percent). African Americans and Native Americans had identical rates (43 percent). Full-time employment rates also varied. Hispanics had the highest full-time employment rate (21 percent), followed closely by whites, Asians, and Pacific Islanders (all at 20 percent). African Americans and Native Americans had the lowest full-time employment rates at 14 and 9 percent, respectively.

Earnings were slightly up for Whites and down sharply for all others. Whites had the highest hourly wage (\$11.37), followed by African Americans (\$11.22), Native Americans \$11.20, Hispanics (\$10.92), Asians (\$10.47), and Pacific Islanders (\$10.10). Hispanics had the highest median annual earnings at \$14,693, followed by Whites (\$14,124), Asians (\$12,954), African Americans (\$11,780), Native Americans (\$9,163), and Pacific Islanders (\$7,355).





Source: Matches with Employment Security Department data.

Participant Survey

No participant survey was conducted for the DVR program due to a statistically invalid sample size.



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**	\$1,370	\$1,461

[^]Short-term is three quarters after program exit; Long-term is average across three 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 2014 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.⁵ 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 2013 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.

⁵ 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	\$4,577	\$0	\$19,256	\$0	
Fringe Benefits	\$1,144	\$0	\$4,814	\$0	
Taxes	-\$700	\$700	-\$2,944	\$2,944	
Transfers					
UI	-\$246	\$246	-\$284	\$284	
Costs					
Foregone net earnings	\$840	\$116	\$840	\$116	
Program costs	\$0	-\$7,637	\$0	-\$7,637	
Benefits	\$4,776	\$945	\$20,842	\$3,228	
Costs	\$840	-\$7,520	\$840	-\$7,520	
Total (Net)	\$5,616	-\$6,575	\$21,682	-\$4,292	\$17,390

Note: Benefits and costs are expressed in 2014 first quarter dollars.

For each client in a DVR program, the public (taxpayer) cost is \$7,637 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 \$840 over non-participants. During the first two and one-half years after leaving DVR, the average client will gain \$4,577 in earnings. During the course of working life to age 65, the average client will gain about \$20,126 in net earnings (net impact earnings plus earnings during participation) and about \$4,814 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 \$21,682.

Projected participant net benefits to age 65 outweigh public costs for the DVR program by a ratio of \$3 to \$1, or \$21,682 to \$7,637.

From the time of leaving the DVR program to age 65, the public is forecast to gain about \$2,944 per participant in net additional Social Security, Medicare, federal income, and state sales taxes and to save \$284 per client in UI benefits. The estimated lifetime net cost to taxpayers is \$4,292 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 \$3,228 to \$7,637.

Summary, Areas for Improvement, and Further Research

The Division of Vocational Rehabilitation (DVR) offers services to help individuals with disabilities become employed. Disabled individuals often face significant challenges to employment, yet the program achieves positive net impacts on employment and earnings. The return to participants far exceeds the cost of the services. This evaluation reveals some strong results, and some possibilities of how this return could be made stronger.

While the study found positive impacts on employment and earnings, both remained lower than ideal. Half of the participants found employment within nine months of leaving the program, but median annual wages fell slightly to \$13,718, from \$13,808 the previous year.

The racial/ethnic composition of the DVR clients roughly reflects that of the general population but there was more variation in employment rates. Asians, Pacific Islanders, and whites had had the highest employment rates among DVR participants. Native Americans and African Americans had the lowest employment rate and Native Americans had the lowest full-time employment rate.

Under the 2014 State Plan, DVR will, among other steps, make greater use of labor market and postsecondary training information to improve vocational assessments and assist participants in better selecting employment goals that match the availability of jobs; develop more relationships with employers to create opportunities for participants to gain work experience through internships and obtain employment; and meet regularly with staff from workforce partners to identify current trends in local labor markets.

