



Oklahoma Department of Rehabilitation Services

Executive Summary:

Evaluating Rehabilitation Services in Oklahoma:

An Analysis of Program Impacts and of Benefits/Costs



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Purpose

The Oklahoma Department of Rehabilitation Services (DRS) offers vocational rehabilitation services to help people with disabilities meet their employment goals. The primary vocational rehabilitation services are counseling and guidance with job placement. Other services compensate for, correct, or prevent disability-related barriers to employment and are individualized to each consumer's specific needs.

The present study was undertaken to estimate the return on the investment of public resources by DRS in vocational rehabilitation services. It was designed to estimate the net impact of DRS vocational rehabilitation services on consumers' later employment and earnings and to assess the benefits and costs associated with DRS vocational rehabilitation services.

“DRS services had a positive and statistically significant impact on the net earnings of DRS consumers in the quarters following their case closure.”

Study Design and Context

This study relied on non-experimental, retrospective data from DRS' Federal Case Service Report (annual RSA-911) dataset for Fiscal Years 2003 through 2005 and matched quarterly employment and earnings data from the Oklahoma Employment Security Commission (OESC) for the first quarter of 2003 through the third quarter of 2006 for consumers working in Unemployment Insurance-covered employment. These data were used to estimate net impacts using statistical methods to control, to the extent possible, for pre-existing differences between the two groups. Statistical models, however, cannot eliminate the possibility that the estimated net impacts are too high or too low. Thus, the relationships between DRS vocational rehabilitation services and employment and earnings outcomes found in this study may reflect program impacts, but they may also indicate selection bias that could not be accounted for in the analyses. Any evidence of relationships between DRS services and outcomes, however, suggests that fur-

ther study of program effects is worthwhile.

For purposes of estimating the net impact of DRS services on employment and earnings, the analytic sample was divided into two groups. The program group (those who received services) includes consumers who exited with an employment outcome and consumers who exited without an employment outcome after receiving services. In general, these consumers received substantial services. The comparison group (those who did not receive services) includes consumers who exited without an employment outcome after a signed Individual Plan for Employment [IPE] but before receiving services and consumers who exited without an employment outcome after eligibility but before an IPE was signed. These individuals, while determined eligible, received limited or no services.

“For every dollar invested in DRS services, on average, participants receive \$15 in benefits over their work life.”

DRS offers a wide variety of services to Oklahoma citizens with disabilities. The majority of DRS consumers in the program group received counseling and guidance services necessary to achieve an employment outcome, including personal adjustment counseling, vocational counseling, and other counseling necessary for employment, restoration services, and transportation services. More than a quarter of program group members received maintenance services, college or university training, and other services. The duration of services ranged from less than one quarter to 59 quarters and averaged 11.7 quarters (35 months).

DRS consumers in the analytic sample whose cases were closed in FY 2003, FY 2004 or FY 2005, included diverse individuals. Approximately half were male and half were female. On average, they were 35 years old, but approximately one-quarter were under 23 years old and 13% were over 50 years old. Nearly one-third had not completed high school or a General Equivalency Diploma (GED), but approximately one-quarter of DRS consumers had completed some education beyond high school. One-quarter of consumers came from minority racial and ethnic groups. DRS consumers had a wide range of disabilities.

Members of the program and comparison groups differed in terms of their educational attainment, race/ethnicity, and disabling conditions, as well as their initial employment and earnings. Specifically, program group members tended to be slightly less well educated and were slightly less likely to be severely disabled. Fewer program group members than comparison group members had psychosocial disabilities but more program than comparison group members had a cognitive impairment or a visual or hearing disability. DRS consumers in the program group had higher weekly earnings than those in the comparison group at the time of application (\$60 compared with \$44, on average), reflecting higher rates of employment in that group (the average weekly earnings of those who were employed at application were virtually the same in the program and comparison groups). These differences were controlled in the analyses of net impacts.

Key Findings

DRS services increased employment and earnings in UI-covered jobs.

The statistical models suggest that DRS services increased the odds of having UI-covered employment by 77% in the first quarter after case closure. The increase in odds of employment diminished to 52% in the third quarter after case closure but remained significant. Similarly, during the first quarter after case closure, the regression-adjusted impact on earnings was estimated to be \$545, with the impact falling to \$390 in the third quarter after case closure.

The increased employment and earnings in UI-covered jobs were broad-based.

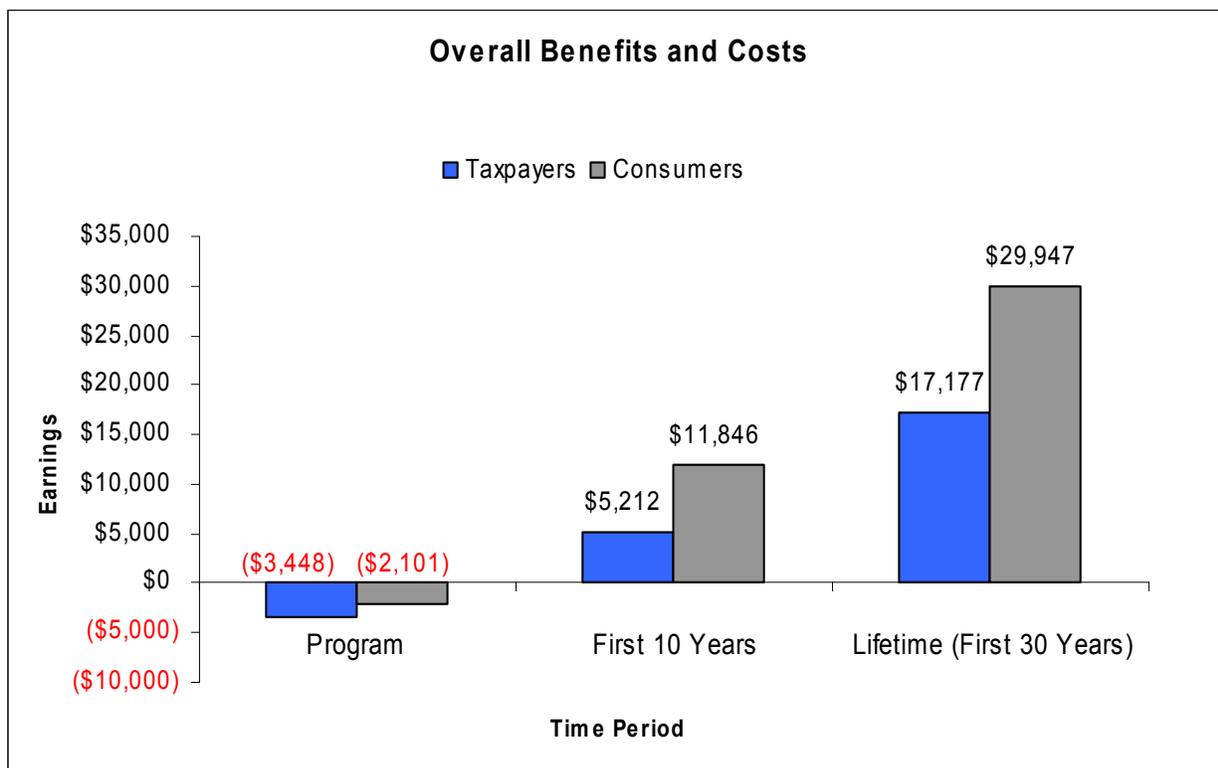
The estimated impacts were positive and significant for all of the key subgroups examined (men and women; individuals from different racial and ethnic backgrounds; and individuals with different types of disabilities). The differences in the magnitude of the earnings impacts among subgroups tended to be modest. In most cases, the impacts on employment were very similar across subgroups, so that differences in impacts on earnings likely reflect differences in hours worked, wage levels, or both.

“Benefits to the public sector included reduced public assistance use and increased tax contributions.”

The benefits of DRS services outweigh the costs, and the program pays for itself multiple times.

Following in the footsteps of an earlier study in Massachusetts, the costs and benefits of DRS services were estimated in two ways. The second, preferred benefit-cost analysis makes use of the estimated net impact of DRS services described above. The results suggest that for every dollar invested in DRS services, on average, 2.3 dollars are returned to the public in increased taxes and reduced public assistance, if individuals continue to experience the earnings increase for ten years after case closure. If the average individual continues to experience the same earnings gain over an estimated 30-year work lifetime, 5.3 dollars will be returned to taxpayers for every dollar invested.

For every dollar invested in DRS services, on average, participants receive \$15 in benefits over their work life. During the 30 years after case closure, the average length of consumers' remaining work life, the average DRS consumer will gain an estimated \$53,233 in earnings and fringe benefits. However, the average DRS consumer will lose \$2,101 in foregone earnings and fringe benefits, \$10,102 in public assistance, and will pay \$11,083 in taxes. The net benefit for



the average DRS consumer will be \$29,947. The ratio of participant benefits to dollars invested is 15 to 1.

Conclusions

The analyses presented in this report suggest that DRS services have had a significant positive effect on the employment and earnings of consumers. If these effects are sustained over time, the benefits to taxpayers exceed the cost of services. Although caution is warranted because the analyses could not rule out potential selection biases and outcomes data were not available for an extended period of time after case closure, the findings are promising and suggest that further studies to determine the impacts of DRS services more definitively would be worthwhile.

In the meantime, the significant favorable impacts on employment and earnings and the favorable benefit-cost ratios estimated in this study suggest that DRS vocational rehabilitation services are likely to be a good investment and worth continuing. If current service levels are not sufficient to meet the demand, consideration should be given to expanding services.

“...significant increases in the odds of employment [are] associated with DRS services.”

