

# The Impact of Vocational Rehabilitation on Labor Market Outcomes in Maine

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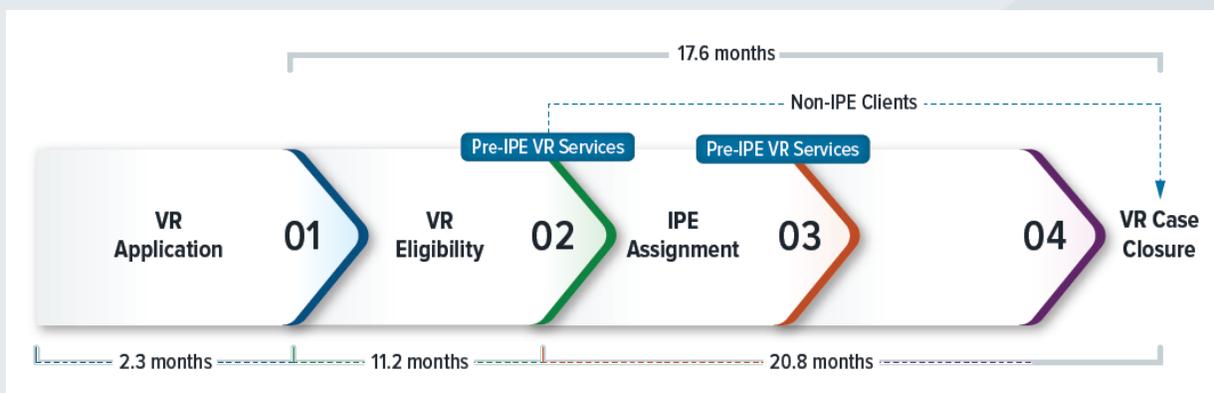


## Study Background

The transition from adolescence into adulthood is critical yet can be challenging, especially for youth with disabilities, who face multiple barriers that limit their opportunities for successfully transitioning from schooling into employment. A recent study by the American Institutes for Research<sup>®</sup> examines the role of Vocational Rehabilitation (VR) services in addressing this challenge. The study looks at **the impact of VR services on employment and earnings of youth with disabilities (aged 14–24) who applied for VR services between 2005 and 2016 in the state of Maine**. The study follows youth from when they started receiving VR services for up to 2 years after they stopped. The study examines the early effects of the VR program while clients are still engaged in services as well as longer-term effects after clients are disengaged from VR.

**VR Process:** VR programs are joint state and federal programs that provide employment services to help individuals with disabilities achieve goals with regard to employment. The VR process contains four key steps (Figure 1). First, VR counselors assess **applicants' eligibility** based on their disability type, severity, and employment goals. Second, for VR-eligible clients, VR counselors create an **Individualized Plan for Employment (IPE)**. VR counselors prioritize clients with the most significant disabilities because they are more likely to benefit from the services. Third, using the IPE as a guideline, an **individualized set of VR services** is provided to the client (e.g., academic and job training, counseling, and other services). The fourth **step is VR case closure**. A VR case closure is determined successful if a VR client is placed into competitive employment for at least 90 days or unsuccessful if a VR client is no longer available for planned services or chooses to not participate.

Figure 1. VR Process



Time in months based on data from Maine, described subsequently.



## Findings

Based on 9,334 VR-eligible clients, 44% of whom had an IPE, **the study finds that VR services provided through an IPE lead to substantially higher employment and earnings, both during VR service and after VR case closure** (see Figure 2). During the average 1.5-year period in which VR clients received services, almost 50% of VR clients with an IPE were employed, compared with 30% of clients without an IPE. After VR case closure, the effects became even more pronounced. Receiving VR services through an IPE led to an increase of 15.4 percentage points in the average quarterly employment rate, and a \$1,442 increase in average quarterly earnings for clients for 2 years after VR case closure. The impact was especially positive for younger clients (14–18 years), VR clients who were students, and clients without Social Security Insurance or Social Security Disability Insurance. When compared against the costs of purchased VR services, these effects translate into an annualized real rate of return of 10.2%. This means that for every \$1 invested in VR services, the benefits for the clients amount to \$1.10 per year.



## Study Methods

The development of an IPE is the first step toward delivering individualized VR services. Services prescribed through an IPE are tailored and oriented toward client-specific employment goals. This study uses VR case information from RSA-911 data and quarterly employment information from the Unemployment Insurance files provided by the Maine Department of Labor. With these data, this study **compares youth with an IPE to those without an IPE to analyze the impact of receiving an individualized set of services on employment and quarterly earnings**. The analysis employs a rigorous quasi-experimental design, called an instrumental variable method, to control for observed and unobserved differences between IPE and non-IPE clients.

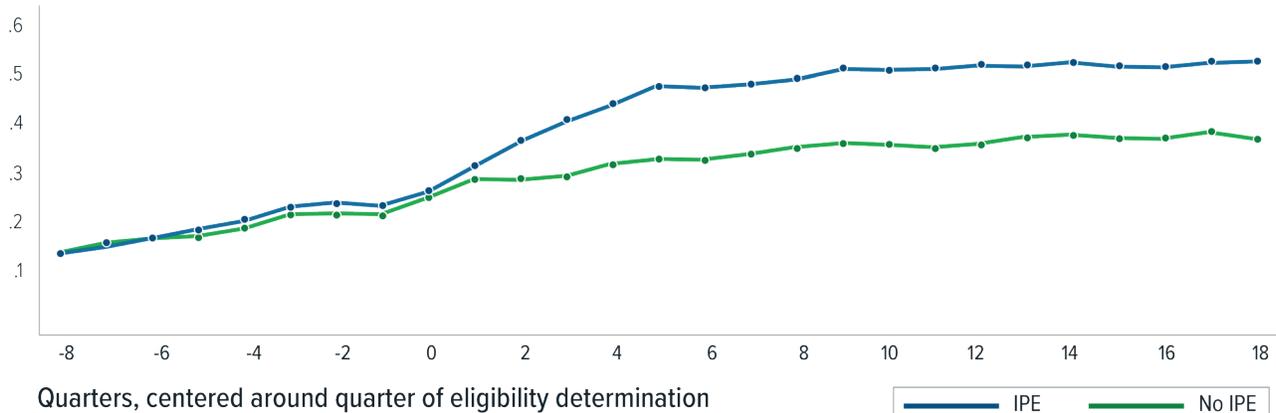


## Conclusion

This study confirms that VR services have a significant positive influence on labor market outcomes (i.e., employment and earnings) of youth with disabilities in Maine. The increased benefits start showing during the average 1.5 year-period in which VR clients receive services, and the benefits become even more pronounced in the longer-term after case closure. Furthermore, the VR program is not only effective, but also the positive return on investment indicates that it is highly efficient. These findings support the expansion of VR services for transition-age youth with disabilities and can serve as a point of reference for other states when designing and implementing services tailored for this population.

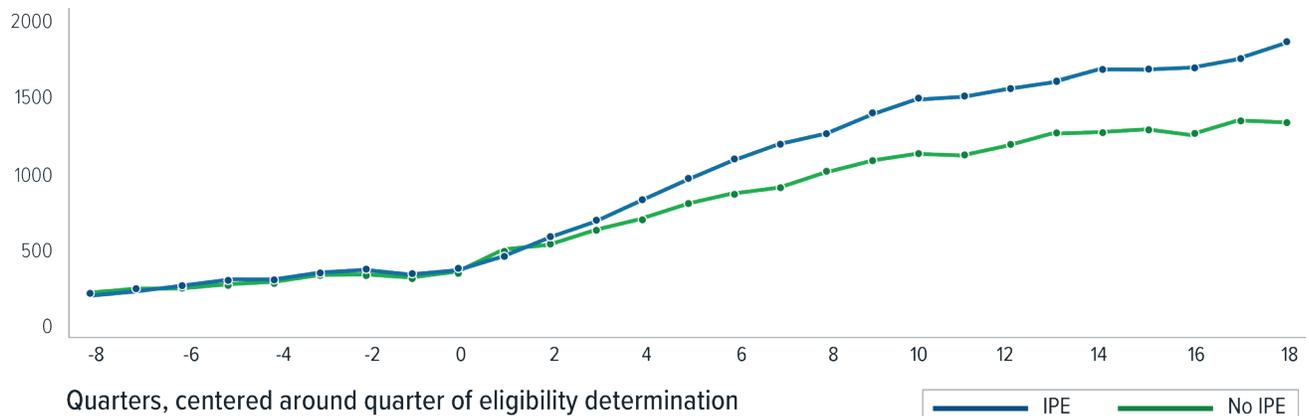
**Figure 2a. Labor Market Outcomes Over Time for IPE and Non-IPE Clients, Employment**

### Proportion employed



**Figure 2b. Labor Market Outcomes Over Time for IPE and Non-IPE Clients, Quarterly Earnings**

### Quarterly earnings



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