



# Issue Brief: Is Supported Employment a Good Investment for Taxpayers?

## *Or Are Sheltered Workshops Cheaper to Operate?*

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In this economic climate, vocational programs for adults with disabilities have to compete for the limited funds available. In order to obtain these funds, services providers have to demonstrate the fiscal merits of their programs. For instance, proponents of facility-based programs, such as sheltered workshops, might indicate that their services are better investments for taxpayers because they work with groups of people while supported employment only works serves person at a time. Advocates of supported employment, on the other hand, might counter that their programs are better because they facilitate independence whereas sheltered workshops create dependence. Which program is the best investment for taxpayers? Several recent studies have attempted to answer this question.

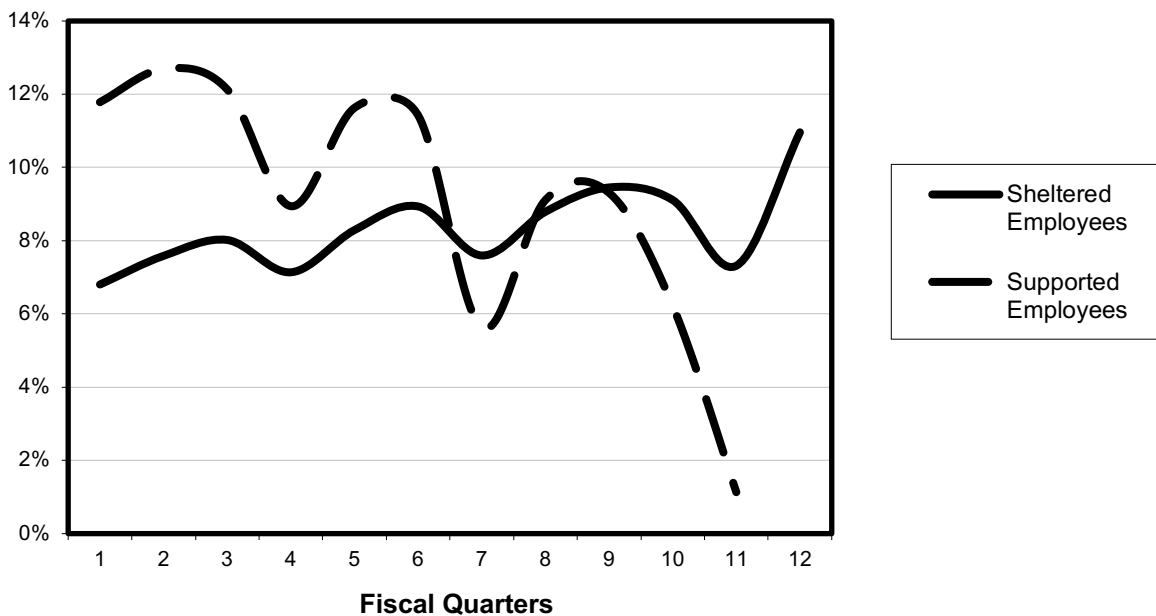
One study<sup>1</sup> examined individuals with disabilities who were working in both sheltered workshops and in the community via supported employment at the same time. It found that, as supported employees, these individuals received services costing taxpayers an average of \$19,101. This is compared to \$45,684 when they were sheltered employees. However, as sheltered employees, they tended to work more hours per month (61.9 versus 55.6 hours) and received services longer (74.0 versus 43.1 months) than they did as supported employees. Still, when the cost-per-hour worked and cost-per-month of service were compared, supported employment was still more cost-effective than sheltered workshops. (See Table 1)

**Table 1. Cost of Sheltered versus Supported Employment**

|                             | <b>Total Cost of Services</b> | <b>Cost-per-Month of Service</b> | <b>Cost-per-Hour Worked</b> |
|-----------------------------|-------------------------------|----------------------------------|-----------------------------|
| <b>Sheltered Employment</b> | \$45,684                      | \$605                            | \$17.02                     |
| <b>Supported Employment</b> | \$19,101                      | \$601                            | \$11.81                     |

The reason for these differences in costs appears to be because the amount of services provided to sheltered employees remain relatively constant while the services provided to supported employees decrease over time. Specifically, a second study<sup>2</sup> found that, while the cost of supported employment is initially higher than the cost of sheltered workshops, over the entire employment cycle, supported employment is 65.9% cheaper to fund than sheltered workshops. (See Figure 1)

**Figure 1. Percent of Overall Cost for Supported versus Sheltered Employees per Fiscal Quarter of Service**



Although supported employment has been found to be less costly than sheltered employment over time, the question still remains: “Is supported employment a good investment for taxpayers?” That is, do the monetary benefits of supported employment outweigh its corresponding costs?

A third study<sup>3</sup> investigated this issue by examining all 231,204 supported employees served by Vocational Rehabilitation throughout the United States from 2002 to 2007. This study found that for every dollar used to fund supported employment, taxpayers receive \$1.46 back in the form of taxes paid, savings from alternative programs, and reduction in governmental subsidies. Further, this result was found regardless of the supported employee’s disability (See Table 2). Moreover, even individuals with multiple disabilities have been found to be cost-efficient to serve in the community. They returned \$1.19 per \$1.00 of taxpayer investment; whereas, individuals with only one disability returned \$1.23.<sup>4</sup>

**Table 2. Average Return-on-Investment for Taxpayers by Supported Employee Disability**

| <b>Disability</b>           | <b>Return-on-Investment</b> |
|-----------------------------|-----------------------------|
| Traumatic Brain Injury      | \$1.17                      |
| Intellectual Disabilities   | \$1.20                      |
| Sensory Impairments         | \$1.35                      |
| Autism                      | \$1.62                      |
| Physical Disabilities       | \$1.66                      |
| Mental Illnesses            | \$1.68                      |
| Communication Disorders     | \$1.77                      |
| Other Health Impairments    | \$1.93                      |
| Other Learning Difficulties | \$2.20                      |
| <b>All Disabilities</b>     | <b>\$1.46</b>               |

So which program should taxpayers fund? That depends upon what the taxpayers want. Supported employment enables people with disabilities to become competitively employed within their communities. Sheltered workshops provide constant supervision and structure. However, on just a monetary level, supported employment costs substantially less than sheltered workshops. Moreover, for every dollar need to operate supported employment, taxpayers receive \$1.46 back in taxes paid, reduction in governmental subsidies, and forgone costs of alternative programs. In these respects, supported employment is the best investment for taxpayers.

<sup>1</sup> Cimera, R.E. (2011). Supported versus sheltered employment: cumulative costs, hours worked, and wages earned. *Journal of Vocational Rehabilitation*, 35, 85-92.

<sup>2</sup> Cimera, R.E. (2008). The cost-trends of supported versus sheltered employment. *Journal of Vocational Rehabilitation*, 28, 15-20.

<sup>3</sup> Cimera, R.E. (2009). Supported employment's cost-efficiency to taxpayers: 2002 to 2007. *Research and Practice for Persons with Severe Disabilities*, 34, 13-20.

<sup>4</sup> Cimera RE. (2010). The national cost-efficiency of supported employees with intellectual disabilities: 2002 to 2007. *American Journal on Intellectual and Developmental Disabilities*, 115, 19-29.