Competitive Integrated Employment
Background, Benefits, and Key Legislation

Background

Facility-based sheltered employment programs have been around for over one-hundred years in the United States, originally serving workers with physical disabilities, the elderly, and persons with mental illnesses. In the 1960s, these facility-based programs began to include individuals with intellectual and development disabilities and started to rapidly expand due to families and individuals seeking alternatives to institutions and opportunities to receive vocational training. Researchers began examining alternatives to facility-based sheltered employment programs in the late 1970s after disability advocates began to push for meaningful, integrated employment opportunities for workers with disabilities.

While disability advocates and researchers pressed for significant change in the way employment supports and services were delivered to people with disabilities, Federal legislation served as the catalyst for states to develop meaningful opportunities for integrated employment. The Developmental Disabilities Act (DD Act) of 1984 was the first piece of Federal legislation that called for improved employment opportunities to increase the independence, productivity and integration of people with disabilities. The DD Act of 1984 also defined supported employment. The DD Act definition of supported employment was later expanded and codified in the 1986 amendments to the Rehabilitation Act and required state vocational rehabilitation agencies to provide supported employment services to eligible job seekers with disabilities. Despite this legislation, most workers with disabilities continued to receive employment services in restrictive, facility-based, sheltered programs. Many states consider these sheltered employment programs to be the ideal employment setting for workers with disabilities, in spite of workers being (1) paid sub-minimum wages, (2) having limited interaction with people outside of the facility, and (3) having little choice in the work being performed.

The Rehabilitation Act, as amended in the Workforce Innovation and Opportunity Act (WIOA) of 2014, states that in order for an individual with disability to be considered to be working in competitive integrated employment (CIE) the individual must (1) must work full or part time, (2) must be paid commensurate wages...
and benefits at or above the State or local minimum wage, and (3) must be fully integrated with coworkers without disabilities. There are a number of support strategies that are currently used to help facilitate CIE for people with intellectual or development disability including supported employment (SE) and customized employment (CE). Unfortunately, facility-based, sheltered employment programs continue to grow at a rate that outpaces the growth of CIE. Current estimates indicate that only 20% of people with intellectual disabilities are employed in jobs that meet the definition of competitive integrated employment.

Benefits of Competitive Integrated Employment

Cost Effectiveness
Researchers have examined the cost-effectiveness of CIE services for over 40 years and the results repeatedly suggest that CIE services, such as SE, are more cost-effective than sheltered facility-based employment programs. Early research on the cost trends of SE versus sheltered employment indicated that the annual cumulative cost of SE was roughly $6,600 per individual, as opposed to the $19,000 cost per individual for sheltered employment. These means that for every one person in sheltered work settings, three individuals could receive supported employment services. Further, research implies that SE is cost-effective from the taxpayer’s perspective. For every dollar used for SE services, taxpayers receive $1.46 in benefits and other savings. Most recently, Cimera (2016) reemphasized that SE is a more cost-effective service option than sheltered employment services. However, he noted that there are discrepancies in the cost-effectiveness between state Vocational Rehabilitation agencies. Cimera suggests these discrepancies may be due to a result of state policy which dictates SE training requirements. States with more rigorous policies seem to have higher SE placements and lower costs. These findings highlight the need for more research and capacity building efforts to improve programs and supports that facilitate CIE.

Improved Wages
Programs that facilitate CIE, such as SE, produce higher wages for workers with disabilities than sheltered employment. Sheltered employment often, if not exclusively, uses 14(c) certificates issued by the Department of Labor through the Fair Labor Standards Act of 1938 to pay employees with disabilities sub-minimum wages. In the state of Utah alone, there are 16 disability service providers who currently hold a 14(c) certificate, affecting over hundreds of workers with disabilities. The definition and philosophy of CIE, however, is that workers with disabilities must be paid according to the wages of their co-workers in similar positions and making at least the state or federal minimum wage. As a result, workers with disabilities make higher wages in CIE settings. Specifically, when compared to similar demographics, individuals who receive supported employment services made an average of roughly $400 per month, whereas facility-based employees made an average of roughly $160 per month. Research also suggests that while the wages of individuals working in
CIE continue to increase following federal and state minimum-wage increases and cost-of-living increases, facility-based employment wages actually decreased over the years. Most recently, Cimera (2017) noted that supported employees earn more working in the community than their counterparts in sheltered workshops; however, Cimera noted that this may vary from state to state and agency to agency. Cimera suggests that these inconsistencies may be due to lack of training, resources, and capacity to provide the level of supports individuals with significant disabilities need to achieve a competitive integrated employment outcome. These disparities will diminish as states establish rate structures and improve their implementation of support strategies that facilitate CIE.

Quality of Life and Choice
People with disabilities want to work in integrated settings, and individuals who work in CIE report multiple benefits including increased choice and control, increased opportunities for skill development, increased inclusion in their community, and an overall better quality of life. CIE places a priority on helping individuals find jobs that align with their interests, skills, and environmental preferences. People with disabilities who work in CIE report increased job satisfaction because CIE takes into account their strengths, interests and preferences. Conversely, individuals in sheltered employment are typically provided limited vocational choices and limited opportunities to advance in their job. Many workers in sheltered employment report job dissatisfaction due to the lack of choice and have fewer opportunities for community inclusion when compared to their counterparts in CIE settings.

Benefits to the Employer
Research shows there are many benefits to community-based employers who hire employees with disabilities. Cimera (2009) reported that supported employment produced a number of benefits to employers such as reliability, employment longevity, and ultimately, greater net benefits than their non-disabled coworkers. To further highlight the benefits of hiring people with disabilities, research by Lindsay, et al. (2018) also suggests employees with disabilities tend to (1) stay longer at jobs, thereby reducing turnover and associated costs, (2) have a strong work ethic and improve overall productivity of the company, (3) improve profits and cost-effectiveness of companies, and (4) create an inclusive and diverse work culture which in turn improves partnerships and morale in their workplace between coworkers. Expanding on benefits to coworkers of workers with disabilities, companies reported not just stronger morale among coworkers, but also increased interaction between them. When a person with a disability is appropriately matched to a competitive integrated job, employers receive direct monetary benefits and improve the overall climate and culture of their companies.
Federal and State Legislation

Current federal and state policy includes language and legislation that supports CIE, although there may be significant differences in CIE policy from state to state. Federal legislation that supports CIE includes:

(1) The Rehabilitation Act of 1973, as amended by the Workforce Innovation and Opportunity Act (WIOA) of 2014. WIOA emphasizes “the need for [Vocational Rehabilitation] agencies to increase strategies for successful competitive integrated employment including Supported Employment (SE) and Customized Employment (CE) for those individuals with the most significant disabilities”\(^{23}\).

(2) In the case of Olmstead v. LC, the U.S. Supreme Court ruled that under Title II of the American's with Disabilities Act (ADA), individuals with disabilities receiving services by the state will be administered services in "the most integrated setting appropriate to the needs of qualified individuals with disabilities"\(^{19}\). As a result of this ruling, several states (Rhode Island and Oregon) have been required to closed down their sheltered workshops and only deliver CIE services (Supported Employment or Customized Employment).

(3) The U.S. Department of Labor, Office of Disability Employment Policy (ODEP) has prioritized CIE through the Employment First initiative. Employment First "is centered on the premise that all citizens, including individuals with significant disabilities, are capable of full participation in integrated employment and community life"\(^{12}\). Employment First is meant to be implemented at the state-level through official executive proclamation or formal legislative action in order to align state policies, practices, and funding to reflect the priorities and principles of CIE. The State of Utah became an Employment First state in 2011 through an Executive Proclamation from the Governor’s office. Utah State House Bill 240 requires the Department of Workforce Services, the Utah State Office of Rehabilitation, and the Division of Services for People with Disabilities to prioritize assisting people with disabilities in “obtaining and retaining meaningful and gainful employment”\(^{13}\) through CIE strategies.

(4) In 2014, the Centers for Medicare and Medicaid released the Home and Community Based Services (HCBS) Final Settings Rule. The HCBS Settings Rule requires service providers to adhere to a set of requirements intended to provide greater independence and choice for the individuals they serve. Included in these requirements is a specific provision requiring service providers to ensure their clients have access to competitive integrated employment opportunities\(^{2}\). The HCBS Final Settings Rule will take effect March 2022, at which time service providers will be required to provide CIE supports for the clients they serve.
(5) In March 2020 the Utah State Legislature passed House Bill 2 (New Fiscal Year Supplemental Appropriations Act) which provides $2,000,000 in funding to support CIE services. This funding will help cover supported and customized employment supports and will help fund the training of additional employment specialists. This legislation supports Utah’s Employment First efforts and the HCBS Settings Rule and strengthens the capacity of the service providers in Utah to support CIE.

Conclusion

CIE rates continue to be very low throughout the country and the state of Utah. The number of individuals with disabilities in sheltered, facility-based employment increased between 1999 and 2015, whereas CIE participation rates remained flat in spite of funding and legislation supportive of CIE practices. Currently in the U.S., only 20% of people with intellectual disabilities are employed in competitive integrated jobs. Without dedicated funding, increased training, and more proactive policy implementation and monitoring the rates of CIE will continue to remain stagnant in Utah and the rest of the country. Additional research on the economic and social advantages of CIE needs to be a priority for policymakers and scholars, and this research should be used to inform the development of more evidence-based practices for CIE supports. Most importantly, federal and state governments need to ensure that there is adequate funding to support the implementation of CIE. The Center for Persons with Disabilities (CPD) at Utah State University strongly encourages legislators and state agency personnel to support the existing legislation both at the federal and state levels and begin to seriously fund CIE efforts in the future. The CPD recommends the Utah State Legislature to support competitive integrated employment through, (1) phasing out the use of sub-minimum wage certificates by employment service providers and private employers in order to ensure all workers with or without disabilities are paid fair wages (please see our piece on Sub-Minimum Wages), (2) incentivizing CIE services to providers through paying a higher service rate for supported employment services than facility-based employment services, and (3) implementing employment outcome data tools and collection into employment service provider contracts in order to begin collecting and evaluating individual-level employment data as well as the quality and effectiveness of the services being provided.
References


2. **42 CFR § 441.301 - Contents of request for a waiver.** Cornell Law School, Legal Information Institute. https://www.law.cornell.edu/cfr/text/42/441.301#c_4_vi_A


Questions? Please Contact: Teresa Larsen • 435-797-0602 • teresa.larsen@usu.edu