

## INTELLECTUAL AND DEVELOPMENTAL DISABILITIES AGENCIES' EMPLOYMENT AND DAY SERVICES (1988-2021)

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### INTRODUCTION

The data reported here are the core findings from the Institute for Community Inclusion's (ICI) National Survey of State Intellectual and Developmental Disabilities Agencies' Employment and Day Services through FY 2021. These data focus on participation in integrated employment, community-based non-work, and facility-based services (both work and non-work). We requested data from all 50 states and the District of Columbia. In FY 2020, 49 states responded and in FY 2021, 48 states responded.

### METHODS

The ICI administers the National Survey of State Intellectual and Developmental Disabilities Agencies' Employment and Day Services annually. It is part of a longitudinal study commissioned by the Administration on Disabilities to analyze employment and day service trends. Data are available for services received between FY 1988 and FY 2021 for individuals with IDD and closely related conditions. Between 1988 and 2004, we administered the survey on a semi-annual basis. We began collecting data annually in 2007. The most recent version of the survey is focused on state IDD agency data for FY 2021. The survey was developed with input and field-testing support from state IDD agency administrators. All questions focus on day or employment services monitored by the state IDD agency, including services funded by another state agency (such as the Medicaid agency), even if the IDD agency does not provide or directly contract for the service.

The survey is designed to provide the following information:

- Trends in the number of people served in integrated employment, facility-based employment, and facility-based and community-based non-work programs
- Trends in the number of individuals waiting for services
- Funding sources being used to support day and employment services
- The allocation of funds across day and employment services

In 1996, we added the category of community-based non-work services to the survey. The most recent changes to the survey occurred in the FY 2016 data collection. We now ask states specific questions about the number of individuals they serve who are working for pay in jobs in the community, to distinguish between services and employment outcomes. Additionally, we have updated the definitions of integrated employment services and community-based non-work services to emphasize the goal of an individualized community outcome.

The survey requests data on the total number of individuals served in day and employment services during the fiscal year; however, if a state does not have the capacity

to adjust for individuals who enter or exit the system during a fiscal year and can only provide the number served at the end of the fiscal year (or at some other specific point in time), there is a place on the survey to provide this information. States can report an individual in multiple service categories, so the total of the percentage served across services may sum to greater than 100%.

After a state has finalized its response to the survey, ICI staff review the data and follow up with states whose data shows an unexpected shift from the previous years.

**Table 1. IDD National Survey of Employment and Day Services Definitions**

Type of Setting/ Service	Work	Non-Work
<b>Community</b>	<b>Integrated employment:</b> Integrated employment services are provided in a community setting and support or lead directly to paid employment of the participant. Specifically, integrated employment includes services that support entering or maintaining competitive employment, individual supported employment, group supported employment, and self-employment supports.	<b>Community-based non-work:</b> Community-based non-work includes all services that are focused on supporting people with disabilities to access community activities in settings where most people do not have disabilities. It does not include paid employment.
<b>Facility</b>	<b>Facility-based work:</b> Facility-based work includes all employment services that occur in a setting where the majority of employees have a disability. These activities occur in settings where continuous job-related supports and supervision are provided to all workers with disabilities. This service category is typically referred to as a sheltered workshop, work activity center, or extended employment program.	<b>Facility-based non-work:</b> Facility-based non-work includes all services that are located in a setting where the majority of participants have a disability. These services do not involve paid employment of the participant.

In a typical year, between 44 and 49 states complete the IDD survey. The authors estimate the national figures for the total number of people served in day and employment services and the total number of people served in integrated employment by estimating the missing data for states that did not complete the survey. The researchers use linear regression to estimate missing values. To increase stability of the estimates, we add data from the most recent literature available (State of the States in Intellectual and Developmental Disabilities).

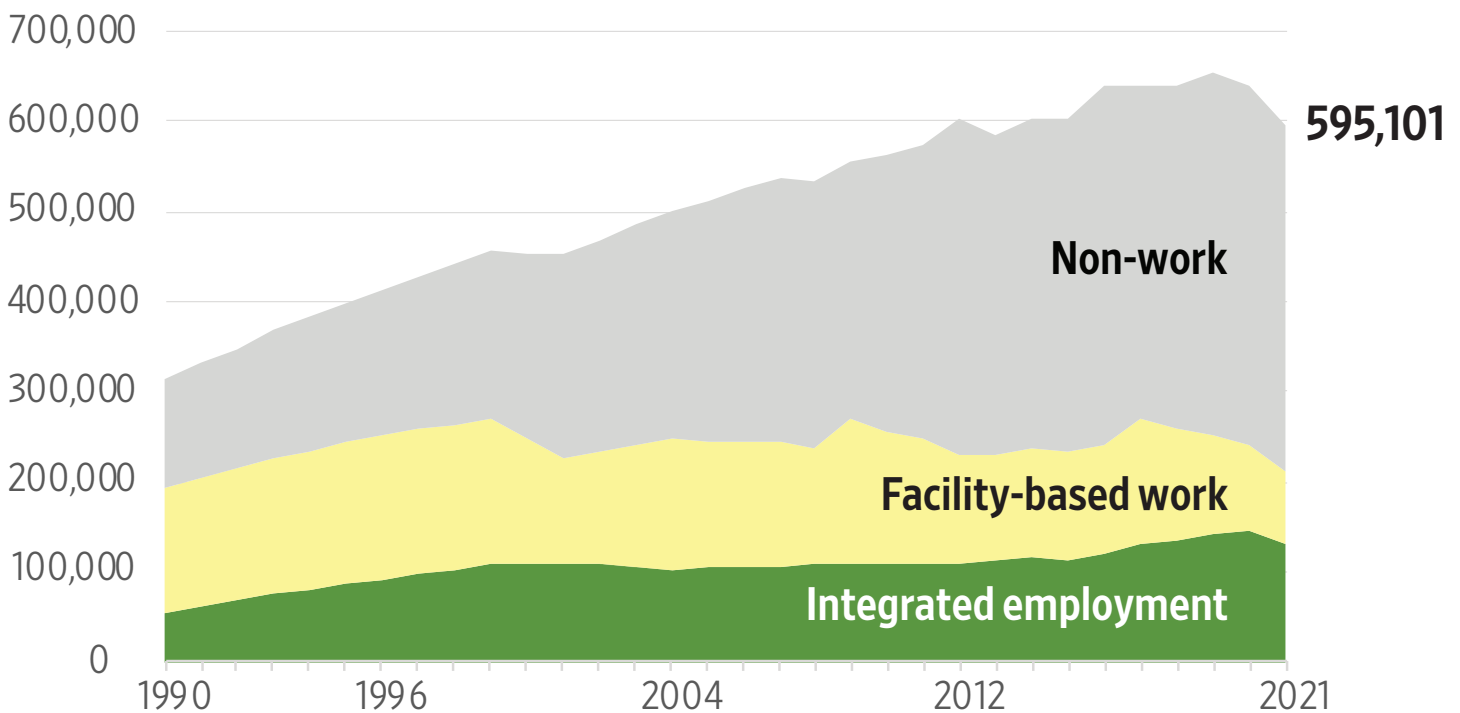
## FINDINGS

### Service Use and the Impact of the Covid-19 Public Health Emergency

#### TOTAL NUMBER OF PEOPLE RECEIVING EMPLOYMENT OR DAY SERVICES FROM STATE IDD AGENCIES

Figure 1 demonstrates that in FY 2020, an estimated 639,607 individuals received employment or day supports from state IDD program agencies, a 2.6% decrease from 656,469 in FY 2019. This number decreased again by 7% to 595,101 in FY 2021, making it a total decrease of 9.3 % from FY 2019 to FY 2021. These decreases likely illustrate the impact of the COVID-19 public health emergency (PHE). However, even with these shifts, the number of individuals receiving employment or day supports is still much higher than in the past. For example, in FY 1999, 455,824 people received employment or day supports from state IDD program agencies.

**Figure 1. Number in Employment and Day Services**



**For more than 30 years the number of individuals receiving employment and day supports has increased.**

**Table 2. Participation in Employment and Day Services by State in FY2020 and 2021**

State	Total Served		Percent Integrated Employment		Percent Community-Based Non-Work		Percent Facility-Based Work		Percent Facility-Based Non-Work	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
AK	2,209	2,045	19.4%	14.9%	98.8%	98.8%	n/a	n/a	n/a	n/a
AL	5,532	4,367	19.6%	6.0%	14.0%	32.8%	5.5%	1.4%	61.0%	59.8%
AR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
AZ	12,755	9,783	21.7%	22.1%	n/a	n/a	27.3%	6.4%	87.2%	86.3%
CA	88,001	84,595	17.3%	16.1%	82.1%	83.8%	5.5%	4.5%	0.0%	0.0%
CO	16,996	n/a	17.8%	n/a	48.6%	n/a	2.0%	n/a	31.7%	n/a
CT	10,863	10,350	36.6%	33.4%	13.7%	15.2%	0.6%	0.2%	48.9%	51.0%
DC	1,526	938	31.0%	31.1%	37.0%	35.9%	21.2%	4.4%	35.0%	30.7%
DE	1,612	1,603	31.4%	53.7%	6.3%	9.1%	14.0%	8.9%	53.7%	45.2%
FL	23,434	17,403	9.3%	11.1%	29.5%	40.0%	n/a	n/a	n/a	n/a
GA	12,986	12,118	16.7%	15.1%	31.1%	30.5%	12.6%	11.1%	77.1%	77.3%
HI	2,592	2,420	5.6%	3.7%	n/a	n/a	0.0%	0.0%	53.3%	48.1%
IA	9,690	14,910	35.0%	36.3%	n/a	60.5%	6.5%	3.2%	n/a	n/a
ID	2,077	1,803	n/a	23.8%	n/a	n/a	n/a*	n/a*	n/a	76.2%
IL	24,604	23,694	5.0%	2.9%	24.8%	9.6%	n/a	n/a	66.5%	41.0%
IN	13,873	11,122	12.6%	15.2%	62.6%	57.1%	24.4%	22.4%	54.4%	54.5%
KS	7,649	7,278	4.4%	4.8%	67.5%	69.5%	33.1%	33.3%	55.0%	56.7%
KY	9,871	4,404	24.1%	13.0%	n/a	n/a	10.5%	23.0%	65.4%	64.1%
LA	4,520	2,190	32.1%	37.3%	n/a	n/a	8.2%	5.9%	n/a	n/a
MA	18,976	23,101	34.2%	32.6%	41.3%	34.5%	0.0%	0.0%	53.7%	41.9%
MD	13,944	15,585	39.5%	30.6%	n/a	26.9%	3.8%	0.0%	59.1%	90.5%
ME	4,929	4,298	15.5%	14.5%	84.5%	n/a	n/a	n/a	n/a	n/a
MI	16,266	12,558	21.6%	21.2%	62.1%	47.7%	15.9%	15.3%	11.7%	15.8%
MN	41,437	42,862	25.3%	20.8%	36.5%	32.6%	30.7%	21.1%	7.5%	5.3%
MO	6,458	5,835	18.4%	19.4%	31.0%	27.2%	n/a*	n/a*	71.7%	71.2%
MS	4,577	4,081	25.5%	24.7%	25.7%	22.6%	1.8%	1.3%	47.1%	51.4%
MT	1,814	1,760	27.8%	27.3%	6.9%	6.8%	n/a	n/a	75.2%	75.6%
NC	17,227	22,938	20.1%	15.1%	66.0%	49.6%	8.0%	4.3%	38.6%	30.8%
ND	2,092	2,111	37.5%	36.5%	n/a	48.0%	n/a	15.5%	n/a	n/a
NE	4,329	4,240	15.2%	12.5%	72.7%	72.0%	6.9%	4.0%	65.3%	48.3%
NH	3,209	2,666	56.7%	51.5%	79.0%	90.5%	0.0%	0.0%	0.0%	0.0%
NJ	14,238	11,395	15.6%	14.6%	70.7%	90.8%	n/a*	n/a*	91.9%	90.8%
NM	5,199	4,872	23.5%	17.9%	93.1%	96.3%	0.0%	0.0%	10.3%	6.2%
NV	2,668	1,860	16.7%	21.0%	1.8%	1.1%	49.2%	48.7%	32.3%	29.2%
NY	60,511	58,486	16.4%	17.5%	7.7%	6.7%	1.5%	n/a	81.3%	81.1%
OH	32,132	31,655	32.7%	33.8%	32.1%	20.8%	45.2%	42.8%	53.0%	53.1%
OK	3,109	2,718	81.7%	72.4%	41.6%	47.6%	67.1%	47.2%	0.0%	0.0%
OR	7,837	5,553	57.5%	57.2%	58.4%	53.8%	5.0%	1.0%	33.4%	8.5%
PA	31,308	26,502	19.1%	21.5%	79.4%	78.1%	11.7%	9.1%	55.9%	38.2%
RI	4,539	4,402	43.4%	38.5%	46.0%	66.5%	0.0%	0.0%	31.5%	44.2%
SC	7,948	7,763	37.1%	33.9%	11.4%	11.1%	37.3%	36.8%	38.3%	38.3%
SD	2,570	2,107	31.0%	28.4%	n/a	n/a	24.0%	5.1%	n/a	n/a
TN	6,082	5,448	17.6%	11.8%	96.7%	82.1%	0.0%	n/a	17.2%	8.1%
TX	26,354	23,914	6.3%	5.3%	0.0%	0.0%	0.0%	n/a	93.7%	94.7%
UT	4,081	3,815	22.8%	22.4%	77.2%	77.6%	0.0%	0.0%	n/a	n/a
VA	10,028	8,383	35.1%	41.8%	64.9%	63.4%	4.0%	3.2%	64.9%	63.4%
VT	2,738	2,414	45.3%	46.9%	78.5%	88.5%	0.0%	0.0%	0.0%	0.0%
WA	9,469	9,395	83.9%	83.0%	20.1%	19.5%	0.0%	0.0%	0.0%	0.0%
WI	15,348	10,334	24.8%	48.3%	15.1%	18.3%	31.2%	51.0%	61.1%	31.9%
WV	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
WY	1,678	1,571	16.5%	14.6%	25.4%	25.8%	0.0%	0.0%	58.0%	59.6%

Footnote 1: n/a = data not available through the state IDD agency's data system

n/a\* = service not provided by state IDD agency but is available through another state agency

0% indicates that the state IDD agency reported it did not provide this service during FY 2020 and FY 2021.

Footnote 2: The researchers calculated national estimates for the total number of people served by state IDD agencies as well as the total number of people who received integrated employment services. For some states, data reported by service setting represent duplicated counts because individuals were served in multiple settings. **For these states, the percentage served across settings may add up to more than 100%.**

Other services, including services for individuals who are elderly, are not reported.

## INTEGRATED EMPLOYMENT

### ***Number of People Receiving Integrated Employment Services***

Between FY 2018 and FY 2019, there was a slight increase (5%) in the national estimates of the number of individuals reported as receiving an integrated employment service from state IDD agencies. This number grew by 1% in FY 2020, but then dropped by 8.6% in FY 2021. This decline is likely the result of the PHE.

Employment participation fared better than overall participation in employment and day services during this period. The number of individuals participating in any employment or day service fell by 9.3% between 2019 and 2021.

### ***Percentage in Integrated Employment Services***

Historically the percentage of individuals engaged in integrated employment services hovered around 19% between 2010 and 2016 and has grown slowly since, reaching 21.6% in 2019. The percentage of people in integrated employment services was slightly higher in both FY 2020 (22.5%) and FY 2021 (22.1%), although the higher percentage in part reflects the decrease in the total number of people receiving employment and/or day supports. The current modest growth in the percentage in integrated employment services likely reflects the implementation of state-level employment strategy and policy.

### ***What Do the Data Tell Us About the Number of People Working?***

In FY 2009, the survey began asking states about their ability to provide data on the number of individuals—out of all people receiving employment or day services—working for pay in integrated community jobs, including competitive employment, individual supported employment, group supported employment, and self-employment.

In FY 2020 and FY 2021, most states (n = 37 in FY 2020 and n = 36 in FY 2021) that responded to the survey reported collecting data on the number of individuals working for pay in the community. Table 3 shows how many of the individuals who are participating in any employment and day service also work for pay in the community. The table also shows the total number of people served and the total number of people in integrated employment services for FY 2020 and FY 2021.

**Table 3. Individuals Working in the Community in FY 2020 and FY 2021**

State	Total Served		Total in Integrated Employment Services		Total Receiving any Employment or Day Service and Working in the Community	
	2020	2021	2020	2021	2020	2021
AL	5,532	4,367	1,082	261	920	n/a
CA	88,001	84,595	<b>15,225</b>	13,603	<b>15,225</b>	13,603
CO	16,996	n/a	<b>3,019</b>	n/a	<b>3,019</b>	n/a
CT	10,863	10,350	<b>3,972</b>	<b>3,455</b>	<b>3,972</b>	<b>3,455</b>
DC	1,526	938	473	<b>292</b>	187	<b>292</b>
FL	23,434	17,403	2,178	1,934	3,867	5,287
HI	2,592	2,420	146	90	144	135
IA	9,690	14,910	<b>3,396</b>	5,413	<b>3,396</b>	8,058
ID	2,077	1,803	n/a	<b>429</b>	491	<b>429</b>
KS	7,649	7,278	<b>338</b>	<b>351</b>	<b>338</b>	<b>351</b>
KY	9,871	4,404	2,380	572	2,034	509
MA	18,976	23,101	6,482	7,534	4,628	2,801
MD	13,944	15,585	5,510	4,773	4,223	2,361
ME	4,929	4,298	<b>765</b>	<b>624</b>	<b>765</b>	<b>624</b>
MI	16,266	12,558	3,507	2,666	2,511	1,169
MN	41,437	42,862	10,502	8,931	7,865	5,797
MO	6,458	5,835	1,191	1,132	696	684
MS	4,577	4,081	1,167	1,009	365	276
ND	2,092	2,111	<b>784</b>	<b>770</b>	<b>784</b>	<b>770</b>
NE	4,329	4,240	<b>660</b>	<b>530</b>	660	530
NH	3,209	2,666	1,818	1,373	1,755	1,284
NJ	14,238	11,395	2,216	1,669	2,256	1,593
NV	2,668	1,860	446	391	422	391
NY	60,511	58,486	9,909	10,227	3,150	6,697
OH	32,132	31,655	<b>10,522</b>	<b>10,697</b>	<b>10,522</b>	<b>10,697</b>
OK	3,109	2,718	2,539	<b>1,969</b>	2,492	<b>1,969</b>
OR	7,837	5,553	4,507	3,177	4,294	3,076
PA	31,308	26,502	5,966	5,693	4,394	4,474
RI	4,539	4,402	1,972	1,694	1,131	1,040
SC	7,948	7,763	2,945	2,631	n/a	2,153
SD	2,570	2,107	<b>797</b>	<b>599</b>	<b>797</b>	<b>599</b>
TN	6,082	5,448	<b>1,069</b>	<b>641</b>	<b>1,069</b>	<b>641</b>
TX	26,354	23,914	1,652	1,274	895	687
UT	4,081	3,815	932	853	1,233	1,177
VA	10,028	8,383	<b>3,517</b>	<b>3,508</b>	<b>3,517</b>	<b>3,508</b>
VT	2,738	2,414	<b>1,240</b>	<b>1,133</b>	<b>1,240</b>	<b>1,133</b>
WA	9,469	9,395	7,945	7,800	5,715	4,333
WI	15,348	10,334	<b>3,808</b>	<b>4,992</b>	<b>3,808</b>	4,992

The relationship between the number of people participating in integrated employment services and the number of people working (out of all people receiving employment and/or day services) varies from state to state. This is possible because some states provide job development and other direct supported employment pathway services with IDD agency funds to individuals who are not yet working, while in other states, the state VR agency provides these services.



**The numbers are bolded for the instances where the state reported the same number for total in integrated employment services and total receiving any employment and/or day services also working in the community.**

The total number of individuals who worked in paid integrated employment in FY 2020 as reported by 37 states was 104,585. In these states, 19.8% of individuals who received any day and employment service were working in the community in integrated jobs.

The total number of individuals who worked in paid integrated employment in FY 2021 as reported by 36 states was 97,575. In these states, 20.4% of individuals who received any day and employment service were working in the community in integrated jobs.

### ***Integrated Employment: Conclusions***

As states implement Employment First policies, revise service definitions to reflect individual integrated employment in the community, and work to ensure compliance with the Home and Community Based Waiver Services Settings Rule (2014), there is anecdotal evidence that states are using a stronger definition of integrated employment. This has led to outcomes previously counted as integrated employment being reclassified to other service types. This indicates that the impact of state and federal policy change is stronger than the trend in integrated employment suggests. Overall, though, state investment continues to emphasize facility-based and non-work services, rather than integrated employment services.

### **State-by-State Variation Masks Growth in Integrated Employment**

There is significant long-term variation in individual state-level change in integrated employment. To demonstrate this variation, we examined data from the survey for 37 states that provided the total number of individuals served and the number of individuals in integrated employment services between 2007 and 2021. Between those two points of time, 22 states reported an increase in the number of individuals in integrated employment services, with an average increase of 1,488 individuals (range: 10-7,207). States that reported increasing the number of individuals served in integrated employment by more than 500 individuals between 2007 and 2021 were California (CA), Massachusetts (MA), Minnesota (MN), Missouri (MO), Mississippi (MS), North Carolina (NC), New York (NY), Ohio (OH), Oregon (OR), Washington (WA), and Wisconsin (WI). Many states have engaged in strategic efforts and systematic changes to their service delivery system to make integrated employment the preferred service outcome for adults with IDD in their state. However, the number of individuals reported as receiving integrated employment services declined in 14 states, with an average reduction of 901 (range: 13-2,440). However, it is important to be mindful of the PHE impact when considering these statistics.

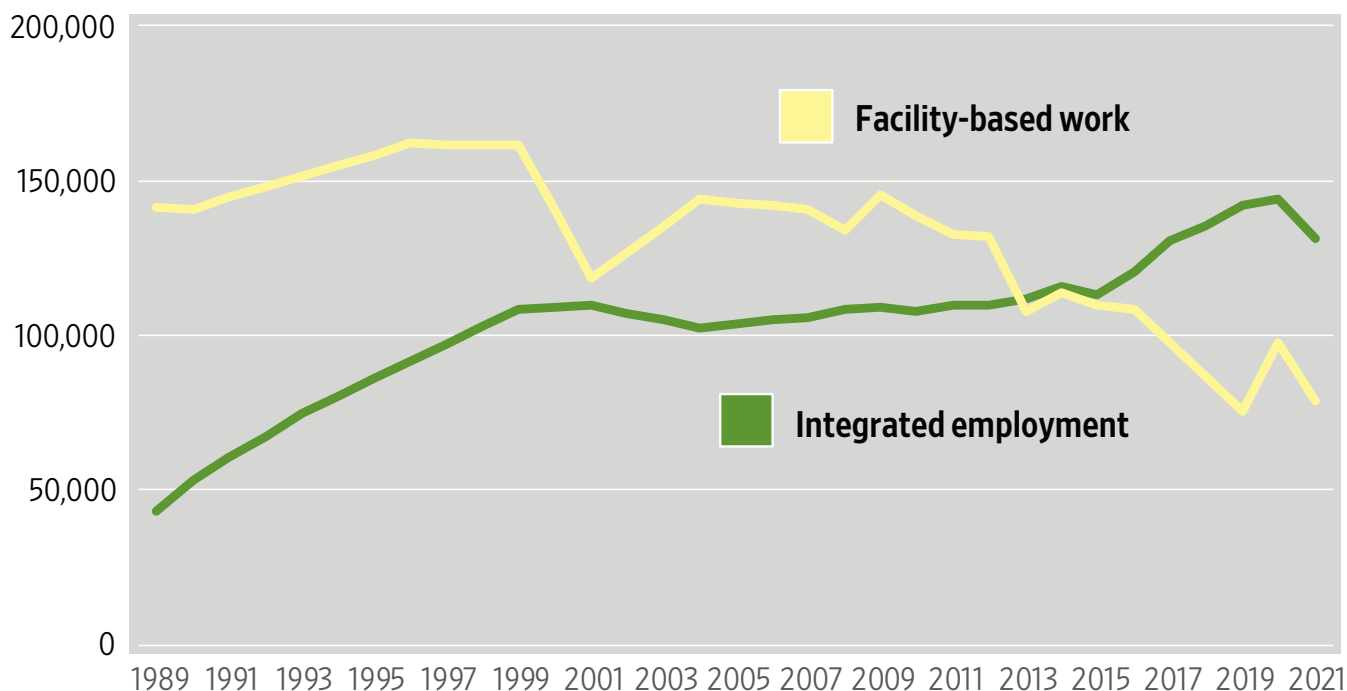
## **FACILITY-BASED WORK**

### ***States Are Making Significant Efforts to Reduce Facility-Based Work***

As Table 2 indicates, in FY 2020 and FY 2021, 23 of the reporting state IDD agencies did not report individuals in facility-based work services (this number does not include the states that did not submit any data in these years). However, this does not mean that those 23 states have eliminated all funding for facility-based work. A state's ability to report on facility-based work is impacted by service structure and state reporting capacity. Many states have facility-based work services embedded within their facility-based non-work services or rely on other state agencies to fund these services. Several states,

including Missouri and New Jersey, support facility-based work with state funds that are managed by other state agencies. To distinguish states that have eliminated facility-based work services, the table contains 0% for those states whose IDD agency did not provide the service in FY 2020 or FY 2021 and “n/a” for states that indicated not being able to report on this specific service. Participation in facility-based work services has declined steadily since 1999 and reached a benchmark in 2013 when it dropped below participation in integrated employment. Overall, the number of individuals state IDD agencies reported as participating in facility-based work settings dropped by 86,174 individuals between 1999 and 2021 (Figure 2).

**Figure 2. Change in Facility-Based Work and Integrated Employment Over Time**



### ***Policy Context and Facility-Based Work***

Consistent with Table 2, there is also considerable variation across states in the number of individuals who are employed at less than minimum wage. Section 14(c) of the Fair Labor Standards Act authorizes employers to pay certain employees with disabilities less than the minimum wage. Participation in subminimum wage jobs has declined from an estimated 210,689 workers in 2013 to only 59,537 workers in 2022, as this regulation and its use have come under increasing pressure from advocates and policymakers (Butterworth & Edelstein, 2023). As of July 2022, 10 states reported that they did not have any 14(c) workers, but nine other states reported that they each had over 2,000 14(c) workers. A total of 13 states have established legislation or regulation that eliminates subminimum wage, and additional states are developing legislation or policy that prohibits subminimum wage employment for individuals receiving state-funded support (Association of People Supporting Employment First, 2023, May 1).

In addition to policy on subminimum wage, state IDD agencies are making other policy decisions to reduce the number of individuals in facility-based work services. For example, states are placing limitations on the time that an individual may receive facility-based work services, mandating regular reporting on progress toward competitive integrated employment, and requiring that an individual’s service plan describe the specific skills



that the person will gain in the sheltered workshop and how those skills will improve the likelihood that the individual will be employed in the community (SELN, 2023).

## NON-WORK SERVICES

### ***If People Aren't Working, Where Are They Spending Their Time?***

As illustrated in Figures 1 and 2, participation in facility-based work has steadily declined and growth has primarily been in non-work services. Non-work services include both facility or center-based non-work activities and community-based non-work activities.

Historically facility-based non-work has been the most common activity individuals engage in, and 2021–2022 data from the National Core Indicators suggest this is still true, with 32% of individuals reporting participation in facility-based non-work activities and 17% in community-based non-work (National Core Indicators Project, 2023). Findings from the IDD survey reveal that in FY 2021, 40 states reported on their provision of facility-based non-work services, and four of these states reported zero individuals served in this category. Within the group of states who reported on facility-based non-work services, 41.8% of individuals served received this service.

Community-based non-work is defined in the ICI survey as “services that are explicitly focused on supporting people with IDD to participate in individually chosen and scheduled activities and at locations in the community that members of the general community typically participate in and access.” Added to the survey as a service option in FY 1996, the number of states that report providing community-based non-work services has grown from 18 in FY 1996 to 42 in FY 2021. Nationally, reported participation in community-based non-work has grown steadily for states that report it as a service, from 18.7% in FY 1999 to more than 43.3% in FY 2021 of all employment and day services.

### ***Non-Work Services: Conclusions***

There is a limited amount of data on the structure, activities, and outcomes of community-based non-work services, and states have not established clear service expectations or quality assurance strategies (Sulewski et al., 2019; Sulewski et al., 2023). The rapid growth states report in community-based non-work services reflects a desire to improve the community presence of individuals with IDD, but the quality of the services being reported and the contribution of this service on a national level to authentic community engagement remain unclear.

While some states report service requirements for how much time community-based non-work participants spend in the community, it is possible that some states have reclassified services from facility-based to community-based as the emphasis on community participation grows, even though substantial time is still spent in facility-based settings. The trend toward community-based non-work services also raises concerns about the clarity of the service system’s goals for community employment.

Research by ICI staff on Community Rehabilitation Providers (CRPs) has found that some CRPs are developing innovative ways to support individuals to be engaged members of their community to improve integrated employment outcomes. Sulewski et al. (2017) found four guideposts in high-quality Community Life Engagement (CLE) supports. These include 1) the individualization of supports for each person, 2) promoting community membership and contribution, 3) building human and social capital to decrease dependence on paid supports, and 4) ensuring that supports are outcome-oriented and regularly monitored.

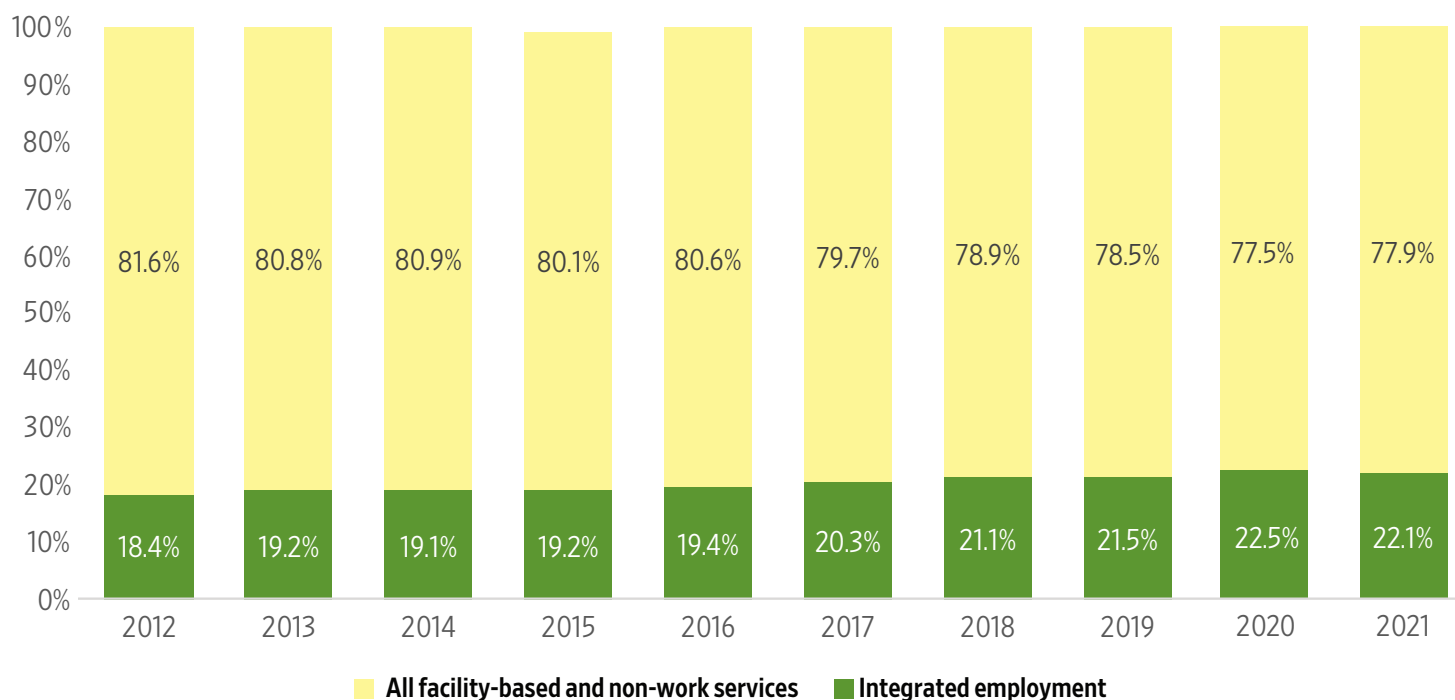
Based on findings from case studies of providers delivering quality CLE practices, individuals are being supported in volunteer work; postsecondary, adult, or continuing education; accessing community facilities, such as a local library, gym, or recreation center; participating in retirement or senior activities; and doing anything else people with and without disabilities do in their off-work time. Researchers also found that such activities support career exploration for those not yet working or those between jobs, supplement employment hours for those who are working part-time, or serve as a retirement option for older adults with IDD (Timmons & Sulewski, 2016). These findings serve as guidance for states and service providers seeking to increase and improve CLE. Guidance issued in 2022 by a federal interagency working group also emphasizes recognizing and expanding the role of community engagement in providing a pathway to employment (US Department of Education).

As emphasis on community-based non-work services grows and states implement their home and community-based services transition plans, additional research is needed on how state IDD agencies are translating best practices at the provider level into state policy and quality service monitoring.

### FACILITY-BASED AND NON-WORK SETTINGS

The percentage of individuals served in facility-based and non-work settings has stayed fairly stable since 2008, varying between 77.5% and 82%. The variability in the number of states that report data in these three individual service categories (facility-based work, facility-based non-work, and community-based non-work) limits our ability to pinpoint the specific setting in which growth is occurring. However, analysis using data from states that report data in each of the three service categories suggests that participation in facility-based work has steadily declined, and the percentage of individuals served in non-work settings is increasing.

**Figure 3. Estimated IDD Agency Service Distribution by Year**



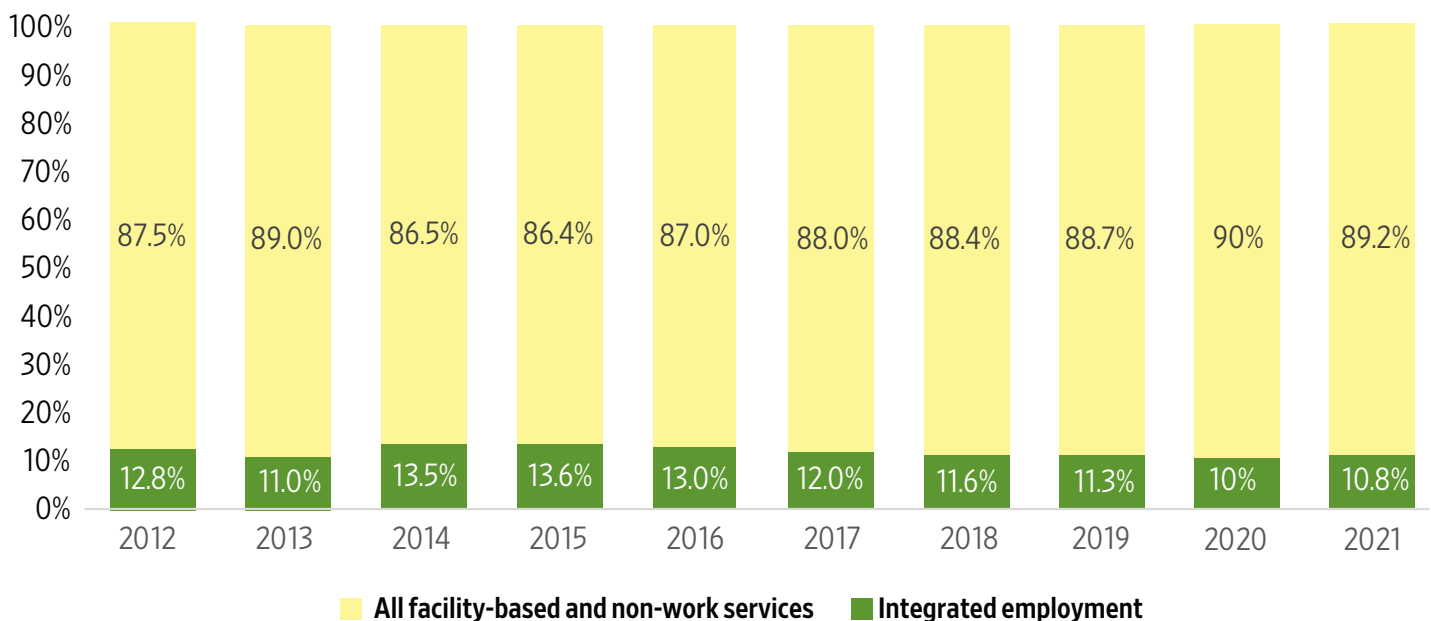
## Service Funding

### FUNDING FOR INTEGRATED EMPLOYMENT SERVICES CONTINUES TO LAG

States vary in their ability to report on funding for employment and day services by service setting. Figure 4 shows trends in funding allocation by service setting for states that reported these monetary figures. Facility-based and non-work settings continue to comprise the largest percentage of expenditures for day and employment services. Collectively, states allocated 89.2% of day and employment service funding in FY 2021 to services that are not integrated employment, including community-based non-work, facility-based work, facility-based non-work, and other services (n = 46). In contrast, states that reported funding for integrated employment (n = 46) allocated 10.8% of the funding for all day and employment services to integrated employment services in FY 2021. This reflects a small drop: the same variable for the five years prior to the PHE ranged between 11.3 % and 13%, which suggests potential impact of the COVID-19 pandemic on the funding distribution.

Overall, there has been little fluctuation over time in the percentage of funding allocated toward integrated employment, which peaked in 2001 at 16.6%, but otherwise has ranged between 9.6% and 13.6% in all other years since 1999.

**Figure 4. Percentage of All Day and Employment Funding by Year**



### MEDICAID TITLE XIX WAIVER DOLLARS HAVE NOT TRANSITIONED TO INTEGRATED EMPLOYMENT SERVICES

Medicaid Title XIX Waiver funds are the largest sources of funds for day and employment services, representing 81.8% of total reported funds in FY 2021 (n = 43). Medicaid waivers as a funding source to support individualized integrated employment have received significant attention in recent years. Based on recommendations from State Employment Leadership Network (SELN) member states, Centers for Medicare and Medicaid Services (CMS) released an information bulletin in September 2011, “1915(c) Waiver Technical Guidance Revisions.” The bulletin emphasized the importance of integrated employment and person-centered planning and distinguished between pre-vocational and supported employment services.

The bulletin also discussed best practices in employment services. It split supported employment into two core service definitions—individual and small group (2–8 people)—and added a new core service definition for career planning (Kennedy-Lizotte & Freeze, 2012). As states address the role of employment in their Medicaid HCBS Waiver under the Community Rule, the guidance will continue to play a significant role in employment systems change.

In September 2015, CMS offered clarification to state Medicaid authorities on the development of reimbursement strategies to create incentives for integrated employment and specifically individual supported employment (Center for Medicare and Medicaid Services, 2015). Specifically, CMS clarified that benefits planning is an allowable service under Medicaid 1915(i) and 1915(c) waiver authorities, and that states can develop pay-for-performance methodologies, including the use of outcome-based payment, tiered outcome payments based on level of disability, milestone payments in addition to fee-for-service, and payment for hours the individual works.

Additionally, many states are making use of technical assistance available through SELN, Administration on Community Living grants, and the Office of Disability Employment Policy to support the redesign of their Medicaid Title XIX Waivers to increase individualized integrated employment outcomes.

States vary in their ability to report Medicaid Title XIX Waiver funds on specific IDD agency services. As the number of states able to report these figures increases, it will be important to examine both the cross-sectional and trend data for this type of funding. For states that have been able to report these figures ( $n = 43$ ), the allocation of these funds has varied based on year and service category: integrated employment, community-based non-work, facility-based work, and facility-based non-work.

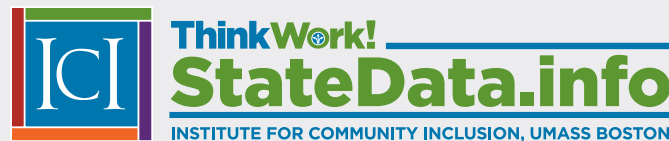
## THINGS TO CONSIDER

- The COVID-19 PHE magnified the existing variation in participation in integrated employment across states. As a result of varied state responses to the PHE, employment participation declined sharply in some states and increased in others.
- There continues to be evidence that individual states are taking steps to reduce facility-based work, and the number and percentage of individuals in facility-based work is declining. The national percentage for facility-based work was 16% in 2016 and 12% in 2021, which suggests a 4% decrease across five recent years.\*
- As community-based non-work services continue to grow, more data is needed about the quality of outcomes and implementation of service delivery practices and state service definitions.
- Funding for integrated employment services continues to lag behind funding for other activities. State IDD agencies need ongoing guidance and support to redistribute funds toward integrated employment services.

\* Footnote: State ability to report facility-based work participation varies based on service definitions and other data sources available at the time of data submission. National percentages are based on the data submitted by states in a given year. Thirty-one states provided data for facility-based work in 2016, and 37 states provided data for facility-based work in 2021. These years are not directly comparable, but the overall percentage suggests possible trends over the years.

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