

Lessons Learned From the Provision and Funding of Employment Services for the MR/DD Population

Implications for Assessing the Adequacy of the SSA Ticket to Work

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The goal of Ticket to Work is to support job acquisition and job retention among Social Security Administration (SSA) disability beneficiaries in job situations where earnings are sufficient to move these individuals off SSA disability cash benefits. This article considers the adequacy of provider payment incentives through the Ticket to Work for helping persons with mental retardation/developmental disabilities (MR/DD) achieve employment outcomes. It examines the work support strategies that have demonstrated their effectiveness in assisting persons with MR/DD acquire and retain employment, particularly with SSI and SSDI recipients. It analyzes the experience to date in using performance-based funding to purchase job acquisition and retention services, and the implications of this experience for the implementation of the Ticket to Work reforms. Specific areas related to the Ticket to Work addressed in the article include: the ceilings on current proposed milestone-outcome and outcome payments in the Ticket compared to what is known about providers' cost structures in other performance-based funding systems; and the factors likely to influence the decision-making of Employment Networks in accepting or rejecting Tickets. The article concludes with recommendations for restructuring the Ticket to Work to improve the adequacy of access to the Ticket program for SSI/SSDI recipients who are potentially viewed by Employment Networks as highly challenged in achieving an employment outcome.

In recent years there has been an increasing effort to place more Social Security resources into the hands of persons with disabilities for their choice of employment. The recently enacted Ticket to Work and Work Incentives Improvement Act (TWWIIA) (1999) is a major example of this policy. The Ticket reforms are the latest in a string of legislative changes that altered how work is viewed for individuals with disabilities.

There was a time when persons with significant developmental disabilities were considered totally unemployable in the competitive labor force (e.g., Wehman, 1981). Fortunately, over the past four decades there has been gradual and steady progress away from segregation of persons with dis-

abilities toward policies and practices that fostered inclusion into the mainstream of society. There have been a tripartite of activities that include *advocacy, research into practice, and the law* that have facilitated these policies and practices. The advocates recognized the abuses were wrong, and individuals like Wolfensberger (1972), Taylor (1988, 2001), Boggs (1959), and Blatt and Kaplan (1966) led efforts to change these practices. The research that gradually led to better practices in the field was led in education by Brown and his colleagues (Brown & York 1974), in employment by Gold (1973), Bellamy, Horner, and Inman (1979) and Wehman (1981), and in community living and participation by Bruininks and Lakin (1985), and Bradley, Ashbaugh, and Blaney (1994). The statutes include the Education for All Handicapped Children Act of 1975, followed up by the Individuals with Disabilities Education (IDEA) Act of 1990 and its 1997 amendments, the Americans with Disabilities Act (1990), and the Rehabilitation Act of 1973 and its subsequent amendments (Rehabilitation Act of 1973; Rehabilitation Act

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Amendments, 1986; 1992; 1998). The Ticket to Work and Work Incentive Improvement Act is a consistent and logical progression of directing disability policy toward competitive employment.

These three major activities—advocacy, research into practice, and the law—became the critical foundation for persons with mental retardation and other significant developmental disabilities to be recognized as viable citizens with real human potential who should be educated next to their nondisabled peers in neighborhood schools (Weh-meyer & Patton, 2000). This foundation was the bedrock for creating the concepts of supports—that is, accept individuals with a disability where they are and build the necessary network of supports around them. From this idea of supports that grew out of supported employment (Wehman, 1981) and supported living (e.g., Bauer & Smith, 1993), the entire definition of mental retardation changed (AAMR, 2002). The current definition totally reflects the necessity of supports in determining the level of mental retardation one exhibits. The definition takes into account that persons with certain amounts of support will not exhibit “mentally retarded” behaviors.

Persons with other developmental disabilities have also participated in greater community integration. Individuals with autism (Wetherby & Prizant, 2000); cerebral palsy (Flippo, Inge, & Barcus, 1995); traumatic brain injury (Wehman, West, Kregel, Sherron, & Kreutzer, 1995); and seizure disorders (Perry-Varner, 1996) are diverse groups of persons with varying support needs, but they also possess strong employment capacity and the willingness to work.

The growth of competitive employment as an outcome for persons with MR/DD over the last decade was fostered by the Americans with Disabilities Act (ADA), which promotes full community integration of people with a disability at work and elsewhere in their lives. The ADA was the reason the Supreme Court upheld the *Olmstead* case, a landmark community integration decision (*Olmstead v. L.C.*, 1999) and was the impetus for the subsequent issuing of the Executive Order from President George W. Bush on June 18, 2001 giving guidance to states on implementing the *Olmstead* decision (White House Executive Order 13217, 2001). However, the actual impact of this growth in competitive employment outcomes is still relatively small when compared to the total number of people with disabilities in non-integrated or sheltered employment settings. For example, the recent publication, *The State of the States in Developmental Disabilities* (Rizzolo, Hemp, Braddock & Pomeranz-Essley, 2004), reports that state Mental Retardation/Developmental Disabilities agencies served in FY 2002 approximately 365,000 individuals in day programs or sheltered employment programs; in comparison, approximately 118,000 persons were served by these agencies in supported/competitive employment, an approximate 3.1 ratio of non-competitive to competitive work outcomes for persons served by MR/DD agencies.

The Ticket to Work Program: Background

The Ticket to Work and Self-Sufficiency Program is the centerpiece of the Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA). The goal of the Ticket Program is to give disability beneficiaries the opportunity to achieve steady, long-term employment by providing them greater choices and opportunities to go to work if they choose to do so. The legislation also removes barriers that previously influenced people's choices between healthcare coverage and work. The Ticket to Work program; the Medicaid Buy-In; Benefits Planning, Assistance and Outreach (BPAO); and Protection and Advocacy for Beneficiaries of Social Security (PABSS) are key initiatives contained in TWWIIA for increasing employment outcomes for beneficiaries.

In 2001, SSA began contracting with national, state, and local service providers to become Employment Networks (ENs). Employment Networks are service providers that work with beneficiaries to provide support and employment-related assistance. The outreach for qualified providers and the contracting process is ongoing and open-ended throughout the life of the Ticket to Work Program. The Social Security Administration issues Tickets to eligible adult (ages 18–64 years) beneficiaries. Tickets can be used to obtain rehabilitation and employment services from any EN a beneficiary chooses (as long as the EN agrees to accept that individual's Ticket). Beneficiaries receiving Tickets are not required to participate in the Program or go to work. They may choose to use the Ticket and contact any EN of their choice to discuss services. After the EN of choice and the beneficiary design and agree upon an employment plan, the Ticket is then assigned to the EN.

To allow thorough evaluation and to ensure full implementation of the Ticket program on a timely basis, the program is being implemented in three phases. States and territories have been divided into three groups, and Tickets are being mailed out in three phases. The mailings of Tickets to beneficiaries in the first phase states began in February 2002. Mailings to states in the second phase group began in November 2002, and the third phase mailings began near the end of 2003. Within each phase, tickets are being released in one-tenth increments based upon the last digit of the Social Security number of Ticket-eligible SSA disability beneficiaries. More detailed information on the Ticket distribution process is available from Maximus, Inc., the program manager for the Ticket to Work Program at <http://www.yourtickettowork.com/> (Maximus, 2003).

Once an EN chooses to work with a beneficiary, they are responsible for providing the agreed-upon services as long as the Ticket remains assigned to that EN. Once the beneficiary reaches the Ticket Program key outcome—employment at the Substantial Gainful Employment level for defined time periods—ENs become eligible to receive payments from the Social Security

Administration. In addition to the Ticket Program, SSA established other service supports in the form of locally based organizations that provide benefit planning, assistance and outreach to beneficiaries, as well as legal services through protection and advocacy systems in each state.

The Ticket to Work provides financial support to Employment Networks who provide job acquisition and job retention services to SSA Disability Beneficiaries. The goal of the Ticket to Work is to assist recipients of Supplemental Security Income (SSI) and/or Social Security Disability Income (SSDI) generate sufficient earnings from employment for these individuals to be removed from SSA Disability cash benefits. To assess the adequacy of the proposed Ticket to Work to achieve its goal with SSI and SSDI recipients who are labeled as mentally retarded and/or developmentally disabled, two critical questions must be addressed. First, what are the employment related services and supports that must be available for the target population to be successful in employment? Second, how best can a performance based funding strategy like the Ticket To Work be structured to encourage Employment Networks to assist the MR/DD SSI and SSDI recipient achieve successful employment outcomes? The article that follows addresses these key, interwoven questions in sequence.

The Nature and Role of Workplace Support Strategies

In thinking about how the Ticket might work for people with mental retardation, autism, cerebral palsy or other developmental disabilities, it will be useful to have an understanding of the types of services and supports that have been shown to be effective in facilitating competitive employment. The strategies briefly discussed below are an illustration of the means through which Employment Networks (ENs) would implement the Ticket with persons with developmental disabilities.

To accomplish the placement in employment of so many heretofore-unemployed persons with disabilities, a large number of workplace supports emerged in the field (Blanck, 1998; Wehman, 2001). These supports represent a major paradigm shift of movement from center based service delivery to one that reflects on-site, industry based work services (e.g., Tymchuk, Lakin, & Luckasson, 2001). Over the past 15 years, the field has progressed to a point where there are usually sufficient supports to help most SSI/SSDI beneficiaries with disabilities gain competitive employment (Wehman, 2001; Mank, O'Neill, & Jensen, 2001). This was not always the way (e.g., Wehman, 1981), unfortunately. As we noted earlier, in the *State of the States* report (Rizzolo et al., 2004) or in Wehman, Revell, and Kregel (1998), most providers are insufficiently aware, untrained, or both, about how to work with business, families, government agencies, and clients in such a way that utilizes these supports effectively. The vast majority of SSI/SSDI clients are *not* competitively employed (Institute on

Community Inclusion 2002), a primary reason why Congress passed TWWIIA.

Persons with cognitive and other developmental disabilities can take advantage of many types of supports in the workplace, community and home. These supports are drawn from the myriad of needs presented by SSI/SSDI beneficiaries with significant disabilities. From these support needs arise the different strategies that are individualized and that create a mechanism to help the individual gain and retain employment. For example, in helping individuals with mental retardation, employment interventions frequently emphasize training with a special focus on speed and productivity (West, 2001). There are a number of different types of supports mediated by agencies. Some illustrations of these are described below. (See Wehman, 2001, for a much-expanded review of these supports.)

Public Supports

Publicly funded supports will be a way to empower SSI/SSDI beneficiaries who want to work and use the Ticket. The ENs will often be able to draw upon these resources, and strategies that can be purchased from these resources, to help these beneficiaries. Since most human services funding flows through community rehabilitation programs, the human service agency (which may also be an EN) that provides employment services is an important "starting point" for examining workplace supports (Cozzens, Dowdy, & Smith, 1999). Historically, the rehabilitation agency mediated the flow of supports; now with the Ticket to Work and other SSA work incentives, this may change. Here are three types of publicly funded supports:

1. Job Coach—a paid professional who works for a limited time at a job site with a person who has special job needs;
2. Compensatory Strategies—used for persons with memory, cognition or learning difficulties;
3. Assistive Technologies—used extensively for persons with physical disabilities.

As the Employment Network (EN) system develops and more diverse organizations become ENs, it is clear that many of these support strategies described above will be implemented by public sector ENs. How well these ENs can implement these strategies with hard-to-serve clients remains to be seen, but clearly they have many decades of history to build upon in providing employment programs and working with business with the SSI/SSDI population.

Business Supports

It is possible that as the Ticket to Work implementation unfolds, businesses could take a significant role. There are some businesses and industries that could serve the EN function by utilizing their existing business models. Businesses are a vital source of in-house work supports, such as people (e.g., super-

visors and co-workers), practices (e.g., flexible scheduling), policies (e.g., early return to work), and environmental supports (e.g., accessible work spaces). Businesses can also lead collaborations with human service providers (Rhodes, Sandow, Taliaferro, & Mank, 1993). This has significant bearing on our later discussion in which we review the possibility of “blended funding” arrangements for different types of providers to merge into one EN.

Traditionally Hard to Serve Individuals

There are four “hard to serve” target groups singled out in the TWWIIA legislation as particular concern to Congress. They include:

1. Individuals with a need for ongoing supports and services when working;
2. Individuals with a need for high-cost accommodations in the workplace
3. Individuals who earn a subminimum wage (e.g., in sheltered workshops); and
4. Individuals who both work and receive partial cash benefits.

These target groups have benefited from workplace support strategies. These groups should not be necessarily viewed as mutually exclusive as there is clear overlap among them. Table 1 is a description of how their respective work challenges can be addressed by different supports.

It is specifically the hard to serve groups for whom many of the workplace support strategies have been tested and validated, especially over the past 10 years, (e.g., Wehman, 2001). Hence there is a track record with some limited success in the literature, and this is promising in looking out to possible utilization and successful outcomes for the Ticket to Work. Historically, most people in this population have been unemployed, although some do work and receive SSA disability based cash benefits. There are some data that provide additional information on who is being served. For example, Wehman, Revell, and Kregel (1998) indicated that as of FY 1995, the 50 state vocational rehabilitation agencies report that mental retardation was the primary disability of a majority of the 140,000 persons in supported employment.

One critical factor, which must be addressed when evaluating the adequacy of the Ticket to Work implementation, however, is which persons with MR/DD will be served by the Ticket versus those who will not. First, this may depend, to a

TABLE 1
Employment Interventions Required by the Hard-to-Serve Populations with MR/DD

Work issues	Work supports	Disability label
Individuals with a need for ongoing supports and services when working		e.g., mental retardation, autism, TBI
Issues with encouraging/reinforcing worker	• Instructions to co-workers in effective reinforcement strategies	
Issues with appropriate social/verbal behavior	• Providing planned reinforcement to consumer on the job for appropriate verbal behavior	
Individuals with a need for high-cost accommodations in the workplace		e.g., cerebral palsy, spina bifida
Issues with the use of assessing and locating AT	• Training worker to use AT equipment	
Issues in job accommodations and job site redesign	• Assisting worker to obtain/purchase AT	
	• Training supervisors/coworkers on AT	
Individuals who earn subminimum wage (e.g., in sheltered workshops)		e.g., mental retardation, autism
Issues with slow work behavior	• Provide training to improve work speed	
Issues with generalization to different jobs	• Practice new task with help of coworkers	
Individuals who both work and receive partial benefits		e.g., TBI, mental retardation, cerebral palsy
Issues related to benefits planning	• Provide benefits counseling through Pass Cadre or BPAO	
Issues related to transportation		



large extent on the nature and extent of EN services in the community. Historically, persons with MR/DD have received services from local rehabilitation day programs or sheltered workshops because state mental rehabilitation agencies and local communities would provide a permanent long term, dependable stream of money annually for each person. These funds have come from state appropriations and Medicaid Waiver dollars. In short, the funding source has had a major role in saying who was to be served, for how long, and what services would be provided.

Second, the severity of the perceived employment challenge of different individuals will affect the likelihood of who will be accepted into a program. For example, those persons with severe mental retardation AND non-ambulation will usually cost more to place and retain in employment. Third, this brings us to the final issue—*risk*. Each provider will carefully evaluate the risk of enrolling certain clients. If there are very few providers in an area, then there emerges a monopoly over employment services for persons with MR/DD. Since the beneficiary will hold the power, the Ticket has the capacity to change some of these rules. This means that persons with MR/DD who are SSI/SSDI beneficiaries may choose to leave their existing program for another if the new choice is a certified EN.

Additional support for those who need high cost accommodations can be found in the United Cerebral Palsy National Employment Survey (Mast & West, 2001). This involved a telephone survey of all UCP affiliates nationwide, with 145 affiliates responding. The intent of the survey was to gauge the extent to which UCP affiliates are offering employment services to their consumers, and the methods they use to do so. Of the 145 respondents, 76 (52.4%) indicated that their affiliate provided employment services, serving 5,338 people with physical disabilities.

In another study, Kregel and Dean (2002) investigated the long-term earnings impact of sheltered employment (or subminimum wage earners) and supported employment on two cohorts of individuals with mental retardation served by a state VR agency. Data on demographic characteristics, pre- and post-program earnings, and local economic conditions were merged to allow a comprehensive examination of the earnings outcomes of individuals who receive various types of VR services. First, the cohorts of individuals in sheltered and supported employment were compared to other individuals with mental retardation identified by the state VR agency as successfully rehabilitated. Second, the demographic characteristics and pre-program earnings of the two cohorts were compared to identify differences between the individuals served in the two programs. Third, post-program earnings histories were prepared and examined to discover trends in the post-program experiences of the two cohorts. Several key findings emerged.

1. Persons served in sheltered and supported employment programs differ significantly from

other individuals successfully served by the state VR agency.

2. Individuals in supported employment were twice as likely as their counter parts in sheltered employment to have worked in competitive, integrated employment settings prior to program entry.
3. Persons in sheltered employment are generally more likely to receive Supplemental Security Income (SSI).

This is one of the first studies that studied persons with mental retardation in sheltered vs. supported/competitive employment over time and analyzed their wage outcomes. Rogan and her associates, report very similar findings as well (Rogan, Grossi, Mank, Haynes, Thomas, & Majd, 2002). Since the majority of the persons in these 2 studies received SSI, these results have bearing on the Ticket rollout. These data (along with Wehman, Revell, and Kregel 1998), and the *State of the States* report (Rizzolo et al, 2004) provide national data that shows the vocational potential of persons with MR/DD. For the Ticket to Work program to be successful, it will need to encourage those persons with mental retardation, autism, cerebral palsy and other developmental disabilities to initiate connections with appropriate ENs in the marketplace. The labels associated with these individuals have historically been associated with being “hard to serve”; yet with the right EN and work incentives, the Ticket can definitely help facilitate long-term competitive employment. Specific suggestions for how this can happen are presented in the conclusions to this article. We now need to turn to how performance based funding strategies can be utilized in the purchase of employment services.

Use of Performance Based Funding in the Purchase of Employment Services

The goal of the Ticket to Work is to enhance opportunities for Social Security Disability beneficiaries to achieve competitive employment outcomes. In this section, we will describe the payment strategies used by funding agencies to distribute the dollars necessary to obtain needed employment services. These payment strategies include cost reimbursement, slot-based, fee-for-service, and performance-based funding (Revell, West, & Cheng, 1998). In this article, primary attention will be given to performance based funding strategies.

The distinguishing feature of performance based funding arrangements, such as the Milestone-Outcome and the Outcome strategies within the Social Security Administration's Ticket To Work, is that at least a portion of a provider's compensation is contingent upon the achievement of specified outcome performance measures. In contrast, more process-oriented funding approaches, such as fee-for-service, base payment on units of service delivered rather than on specific outcomes achieved (Novak, Mank, Revell, & O'Brien, 1999).

SSI and SSDI recipients are a primary population for whom employment services are purchased. For example, of the 21,434 persons closed successfully in supported employment by Vocational Rehabilitation Agencies in FY 98, approximately 39% received SSI, 14.5% received SSDI, and 13% received SSI/SSDI combined. More than 50% of the overall population closed in supported employment in FY 98 were persons with a primary disability of mental retardation or other developmental disabilities (Institute for Community Inclusion, 2002).

Vocational Rehabilitation and other funding agencies are using performance based funding strategies to distribute funds to support SSI/SSDI recipients who are mentally retarded/developmentally disabled. Therefore, the experience of these funding agencies in designing performance based funding strategies and the outcomes achieved to date through their use, particularly for SSI/SSDI recipients who are mentally retarded/developmentally disabled, has important implications for assessing the adequacy of the Ticket to Work. The following detailed analysis of the use of performance based funding for the purchase of employment services emphasizes the outcomes achieved for SSI and SSDI recipients who are mentally retarded/developmentally disabled.

Evolution of the Use of Performance Based Funding

The move to use of performance based funding of employment services is a natural evolution from the original, more process-oriented, funding methods. The hourly unit of service funding method, the funding method most frequently used for supported employment, pays the provider agency based on the specific units of services received by each supported employment participant (Wehman, Revell, & Kregel 1998). The original intent of the hour-based purchase-of-service approach was to respond proactively to the service needs of people with significant disabilities. Using this approach, the provider agency is compensated for the costs involved in implementing an individualized service plan. This plan for a particular individual could involve 75 hr of services; for another person, 150 hr of service might be involved. As long as a funding agency representative, such as a vocational rehabilitation counselor, authorizes the funding for these services, the provider agency will be paid according to the total number of hours of service delivered. For example, a provider agency may be paid \$30 for each hour of job development, job coaching, or related employment support service it provides to an eligible program participant. The employment service participant has available the degree of service intensity prescriptively needed for job success. The funding agency has access to individualized information on the specific services being provided and the impact of funds being spent. For these reasons, the hour-based fee-for-service approach evolved as the predominant purchase-of-service method for individual job placements in supported employment (Wehman et al., 1998).

Despite its continued prevalence, there are a number of concerns with perceived breakdowns in the benefits obtained from the hourly unit of service approach in comparison to its costs. First, the hourly approach does not readily encourage quality assessment and quality control by service providers because hours of services are paid for without regard to the success/outcomes of those services. Second, there are limited incentives to encourage a movement toward a valued employment outcome. The focus of the hourly intervention funding approach is more on the service process and less on the service outcome.

Performance based funding approaches have emerged that compensate providers for the outcomes of services, rather than the process of service delivery. Movement to performance based strategies is based both on the general concern that public funds ought to pay for valued outcomes and the specific concern that individuals receiving competitive employment services would benefit from a greater emphasis on outcomes within the funding system. However, the use of performance based funding for the Ticket to Work raises important questions regarding adequacy of access for hard to serve populations. These questions have direct implications for structuring the performance based funding components of the Ticket to Work.

1. Will Employment Networks limit use of the Ticket to a select sample of Ticket recipients who are viewed as the best candidates for success in employment at an SGA level?
2. Will the Ticket provide funding adequate to secure access for members of the defined Hard to Serve population, such as individuals who need ongoing support and services when working and those individuals who need high-cost accommodations in the work place?
3. Will the reimbursements through the Ticket encourage Employment Networks to consistently spend the time needed for quality job matches and job retention that will lead to SGA level earnings?

These concerns related to the Ticket to Work parallel concerns that are faced by funding agencies in the design of performance based funding strategies. The concerns can be addressed effectively in well-designed performance based funding strategies. The next section of this article will summarize the potential benefits of performance based funding

The Case for Performance-Based Approaches to Funding Employment Services

Performance-based funding strategies offer a number of anticipated benefits over traditional funding strategies. These include: increased emphasis on valued outcomes; increased cost efficiency, effectiveness and accountability resulting from streamlined service delivery; and increased consumer choice

and satisfaction. These benefits were discussed extensively in a recent report (Novak et al., 1999). A brief summary of the benefits of performance based funding in the purchase of employment services is as follows.

1. *Increased emphasis on valued outcomes.* The goal of employment services is to deliver valued participant outcomes. Performance based funding strategies compensate the provider when program participants attain successful employment outcomes, rather than reimbursing the provider for the amount of services it delivers. The ultimate measure of a program's success is not the array or number of services it provides; success is measured by the extent to which it produces results valued by those being served, the funding agency, and society. Fee-for-service arrangements may have the unintended consequence of producing disincentives to consumer independence. At a basic level, hourly billing tends to bear an inverse relationship to consumer independence: the more independent the individual, the fewer units the provider can bill. It may often be in the provider's best *fiscal* interest to emphasize billable hours rather than working toward the successful, long-term employment of the individual (O'Brien and Cook 1998). This creates a dilemma between the philosophy of decreasing dependence on the provider and the very real financial pressures to maintain billable hours. Performance based funding helps to resolve this inherent paradox by tying payment to successful employment outcomes.
2. *Streamlined service delivery and improved cost efficiency, effectiveness and accountability.* One promise of performance based funding is less emphasis on bureaucracy. Performance based funding de-emphasizes regulations, accounting for time, and micromanagement of provider operations. Providers are granted greater flexibility in program administration in return for greater accountability for program performance.
3. *Increased consumer choice and satisfaction.* Performance based funding can result in a stronger focus on participant outcomes and more effective service delivery. In all likelihood, these factors will lead to the achievement of more timely outcomes for program participants, and hence, increased satisfaction with the system. It is important to note, however, that increased satisfaction and choice are only possible if (1) there is an individualized planning process in place

that thoroughly involves the person with a disability (with his/her circle of family and friends); (2) the individual is supported to explore a range of job opportunities and career options; and (3) the outcome indicators defined by the funding agency accurately measure the individual's satisfaction with the job, the services and supports received, and the ongoing support plan.

Five Common Elements in the Design of Performance Based Funding Strategies

Performance based funding includes any purchase-of-service arrangement that ties at least a portion of provider compensation to the achievement of outcome performance measures by linking provider payments to pre-defined participant outcomes. The provider receives payment only if the service recipient successfully achieves a defined outcome. For example, the provider may be reimbursed \$1,000 when the vocational assessment is completed, \$2,000 when the service recipient begins working, and \$3,000 when this individual reaches stabilization on the job. Developing a performance based funding strategy for the purchase of employment services involves five common, sequential elements:

1. Define the overall performance goal in a sequential series of clearly defined outcomes.
2. Identify benchmarks/milestones for the desired outcomes.
3. Define quality indicators for the benchmarks/milestones.
4. Assign a dollar value to the benchmarks/milestones.
5. Consider incentive payments and/or add-on provisions that fill services.

The five-step sequence for developing a performance based funding strategy is critically important. Performance based funding is a mechanism to distribute funds to achieve a desired outcome. The first 3 steps in the sequence concentrate on the desired employment outcomes that measure the success of employment services. Steps 4-5 incorporate cost information into the construction of the performance based service strategy. Effective performance based funding strategies are linked inseparably both to the services and supports that produce a desired employment outcome and to the costs of these services.

The following description of each of these five steps draws examples from existing performance-based strategies used by state funding agencies to purchase employment services. Two state examples that this article draws upon heavily

are the Massachusetts Rehabilitation Commission's Community Based Employment Services (CBES) and the Oklahoma Department of Rehabilitative Services' Milestones System, both of which are described in detail later in this article.

Step 1. Define the overall performance goal in terms of a sequential series of clearly defined outcomes. Employment services for individuals with significant disabilities commonly proceed in several phases that involve community-based assessment and planning for a job goal; job development and job placement services leading to employment; initial job site and related training leading to stabilization in employment; and ongoing support at and away from the job site to facilitate retention of employment. The overall performance goal of the funding agency is that the individual receiving services remains employed for an extended period.

Step 2. Identify benchmarks/milestones that serve as payment points for the desired outcomes. Once service outcomes are defined, the next step is to define the specific benchmarks/milestones that support these outcomes. Each desired outcome may be defined by one or more milestones. For example, the assessment component of the Massachusetts Community-Based Employment Services (CBES) strategy is reimbursed at two benchmarks. Providers receive one payment when a plan for assessment is submitted and a second payment when the final assessment report is completed. Performance based outcomes might be designed as follows to achieve employment retention for one year after initial employment:

Desired Outcomes

1. Establish Job Goal
2. Become Employed
3. Stabilize in Employment
4. Continue in Employment

Example Payment Points

1. Completion of Assessment
2. Employed for 5 days
- 3a. Employed for 30 days
- 3b. Employed for 90 days
- 4a. Employed for 6 months
- 4b. Employed for 9 months
- 4c. Employed for 12 months

The Ticket's Outcome-Milestone funding strategy does set up a sequence of payments at the first, third, seventh, and twelfth months of SGA level earnings. The spacing of these payments, particularly with the potential for 60 months of outcome payments to follow, does effectively support the SSA goal of long-term job retention at SGA level earnings. However, the SGA level earnings core outcome threshold does have

the potential for delaying these payments for Ticket holders who do not quickly achieve SGA level earnings.

Step 3. Define quality indicators for the payment benchmarks/milestones. A critical step in defining payment points is to identify the criteria that represent successful attainment of each benchmark. For example, in a performance based system developed by the Kentucky Department of Vocational Rehabilitation (DVR), *all* of the following criteria had to be met before a provider would be reimbursed (Kentucky Department of Vocational Rehabilitation, 1998):

4. The individual is employed for a minimum of 60 days in a job consistent with the person's work plan.
5. The worker is satisfied with the job and the number of work hours scheduled per week.
6. The extended service supports are in place.

The quality indicators in the Kentucky example emphasized the control of the individual with a disability in the definition of outcomes. The provider must develop and provide supports for a job that are satisfactory to the individual for the funding agency to make payment. Typical quality indicators for key job retention payment points, such as 90 days of employment, consist of documentation of both the satisfaction of the employer with the performance of the worker with a disability and the satisfaction of that worker with the job.

Step 4. Assign a dollar value to the payment points. The next step in the development of a performance based funding strategy is assigning a dollar value to each payment point. Well-designed performance based funding strategies recognize that all participants will not be successful. A provider agency will expend more resources in providing services than it will recoup for an individual who, for example, gets job development assistance but does not go to work. A similar example involves an individual who works but loses employment before achieving a job retention payment point. Therefore, performance based funding systems must allow service agencies to recoup lost revenue through payments for successful participants. If there is not an opportunity to recoup lost revenue, the provider agency will limit access to its services. Those individuals who will be most adversely affected are those who are viewed as needing more intense services and/or as being a higher risk for failure to achieve employment outcomes.

A core concern regarding the funding design of the Ticket to Work is that ENs have no mechanism to recoup the dollars expended on supports for individuals who do not achieve the SGA level earnings outcome criteria. The payments made through the Outcome-Milestones and the Outcome payment strategies are based strictly on savings in cash benefit payments generated by SGA level earnings. These payments do not ad-

dress the critical adequacy of access issue of ENs recouping resources expended on individuals for whom performance payments are not received at a level that covers expenses.

The primary strategy for creating the opportunity to recoup lost revenues is to establish a unit of service rate that takes into consideration the inevitable lack of success of some participants. The example in Table 2 describes a rate setting exercise for a performance based funding strategy. This example uses a budgeting approach based on projected participation and success levels. In an actual rate setting situation, the

projections are based on the experience of the provider agency with its targeted population. The funding agency will also have its own projected success rates based on experience and desired cost efficiencies. In rate setting, the final unit cost assigned will usually be based on a combination of the provider's experience and the funding agency's expectations.

The provider in the example needs to achieve 90 outcomes payments at the agreed upon payment of \$1,300 per successful outcome to meet its budget of \$117,000. Actual experience running an employment program rarely matches

TABLE 2
Example Procedure for Establishing Rates for a Performance-Based Funding Strategy

Create a budget: For an employment service agency with two full-time job coaches with an average salary of \$27,500 each and a half-time hourly back-up job coach, the total employment service budget is \$117,000. This budget includes all direct service costs of salary, fringe, travel, and training; it also includes the indirect costs for administration, housing, payroll, etc.

Project outcomes for target group of individuals to be served: The agency is staffed to serve 25 candidates for employment. The funding agency is using a performance-based funding system with 5 payment points. In projecting outcomes for the individuals to be served, the provider agency uses its experience in providing employment services. Here is its projected success rate:

<u>Payment Milestone</u>	<u># of Persons Projected to Achieve Milestone</u>
Set Employment Goal	25
Become Employed	20
Work for 30 Days	17
Work for 90 Days	15
Work for 180 Days	<u>13</u>
Total # of Potential Payments	90

Establish Unit Costs: If the provider agency is accurate in its projections, it will receive a total of 90 payments from the funding agency. With a budget of \$117,000 and expectation of 90 payments to cover this budget, the unit cost per milestone outcome for this provider is \$1,300 (\$117,000 divided by 90 payments). If the milestones are weighted equally and if the budget calculations are agreed to by the funding agency, payments will be made to this provider at the rate of \$1,300 per successful outcome. If milestones are weighted differently by the funding agency, the unit payment must be adjusted to the various weights. For each person in this example who completed all five milestones, the provider agency will collect a total of \$6,500. Using the projected completion rate, here is the funding reimbursements to the agency, based on an agreed upon unit cost if \$1,300, in a performance based funding system where the payment points are weighted equally:

<u>Payment Milestone</u>	<u># of Individuals Projected to Complete Milestones</u>	<u>Amount to be Collected</u>
Set Employment Goal	25	\$32,500 (25 × \$1,300)
Become Employed	20	\$26,000 (20 × \$1,300)
Work for 30 Days	17	\$22,100
Work for 90 Days	15	\$19,500
Work for 180 Days	13	<u>\$16,900</u>
Total Amount to be Collected		\$117,000

Assign Dollar Values to Each Payment Point: In this example, the 5 payment points are weighted equally, so that payment for each outcome equals the unit cost of \$1,300. However, different weights can be assigned to each payment point. For example, the later job retention outcomes can be assigned a higher value than the earlier assessment outcome. The Oklahoma Milestones payment system places higher weights on its later milestones. The Milestones component of the Ticket to Work places increasingly higher values on the payments made at the 3rd, 7th, and 12th months of employment at SGA. Weighted payments are a means for the funding agency to create financial incentives for the provider agency around achievement of the most highly valued outcome.

projections. For example, if the provider only receives 75 outcome payments, it will experience a budget shortfall of approximately 15 payments of \$1,300 (\$19,500). This shortfall can occur because the number of referrals is below projections or because the individuals being served do not move through the outcomes payment points with the projected success rate. If the provider receives 105 payments and holds costs as budgeted, it will exceed the budget total by \$19,500. The higher than projected number of payments can result from serving more people than projected. It can also occur from a higher than projected success rate, an outcome of potential advantage to the funding agency and the individuals being served if the success reflects more people getting and keeping jobs than was projected. In performance based funding, employment success is rewarded financially.

Step 5. Consider incentive payments and potential add-on services. Incentive payments are premiums paid for achievement of outcomes over and above the core outcome criteria. Incentive payments can also reflect monetary rewards for serving populations viewed by the funding agency as being a harder to serve population who will potentially require a higher level of support. For example, the Oklahoma Milestones system has set up a two tiered payment system. Provider agencies receive a higher rate of reimbursement for serving individuals with the most significant disabilities who are considered highly challenged. These are individuals who meet clearly defined criteria based on level of disability and other factors that create substantial employment challenges (Frumpink, 2001). Incentive payments can also be made for a variety of outcomes, such as earnings above a set goal (i.e., SGA level), jobs with benefits, and working at 35 or more hours per week.

Summary: Designing a performance based funding strategy. To ensure adequate access to employment services for individuals with the most significant disabilities, careful attention to the following core concerns must be built into the design of performance based funding strategies:

7. creating incentives for provider agencies to serve individuals with more intense and extended support needs;
8. promoting good job matches and long term job retention in a way that recognizes variations in cost structures at the community, provider, and individual service level.

These concerns can be effectively addressed. The next section of this article describes two current performance based funding initiatives. Although each is very different in its approach to structuring payments for employment outcomes, both share the common goal of ensuring access and support for individuals with the most significant disabilities.

Diversity in the Applications of Performance Based Funding: Two State Case Studies

Performance based funding strategies can be designed to accommodate variations in service costs so that providers receive the compensation needed to provide quality services. Assisting a diverse range of individuals with significant disabilities to achieve successful employment outcomes requires the provision of a variety of services and supports. Employment services are fundamentally an individually driven process. Performance based funding strategies that norm costs across a wide population are challenged in providing adequate access and support to individuals whose cost of services substantially exceeds the norms. The States of Massachusetts and Oklahoma operate performance based funding initiatives that have provided effective access to employment services for persons with the most significant disability. A summary of core features of the funding design follows for each state.

Massachusetts Rehabilitation Commission—Community Based Employment Services (CBES): The Community Based Employment Services strategy is the interagency performance based funding initiative administered by the Massachusetts Rehabilitation Commission. The design, components, and outcomes of this initiative are detailed extensively in the report titled *Planning for Outcomes and Accountability: Community Based Employment Services* (Massachusetts Rehabilitation Commission, 2001). The CBES is designed to assist people with the most severe disabilities choose, obtain, and maintain employment in integrated work environments. Services are based on each individual's choices, interests, skills, and needs. A network of Community Employment Providers has been developed through interagency Requests for Qualification to ensure choices for consumers. The CBES System is detailed in Table 3.

The focal points of the CBES System are individual choice and services that are tailored to meet specific consumer goals. Each component in the system has outcome benchmarks to measure successful performance. The system is designed to allow for flexibility, with each component able to stand on its own. For example, if a person does not need additional support services or extended services, these services are not provided. Recent performance statistics for the CBES indicated that of a control sample of 210 persons served, 188 (89%) were placed in employment. Of the individuals placed in employment, 172 (92%) were closed by the MRC in employment. The median CBES cost per person at time of case closure by VR was \$7,500. Range cost per person was \$1,300 to \$13,250. The CBES has reported a 77% success rate for persons placed in jobs retaining employment for 1 year (Inge, 2001). Satisfaction levels with CBES are 91% for service providers, 92% for employers, and 98% for individuals served (MRC, 2001).

Table 4 presents wage outcome data for recipients of Social Security Disability who received services through the

TABLE 3
Components of the Massachusetts CBES Performance Based Funding System

Desired outcome	Payment benchmarks	Payment levels
• Assessment Total pmt: \$1,300	Benchmark #1: Plan for assessment	\$520
	#2: Assessment report	\$780
• Job placement Total pmt: \$3,500	Benchmark #1: Career plan	\$1,400
	#2: Job placement	\$1,400
	#3: 30-day retention	\$700
• Initial support	Benchmark #1: 30-day retention	\$1,480
	#2: Stabilization ^a	\$2,220
	Total pmt:	\$3,700

^aStabilization is determined by the performance of the worker meeting employer requirements and the constancy of the support needs of the worker. A minimum of 60 calendar days of employment is required for the stabilization benchmark to be paid. However, time of employment is not the determiner of stabilization.

Note. Additional support services are provided at the going rate for the specific support; total payments for additional support services vary based on individual need. Additional support services are those prescriptive services needed by an individual that are not addressed in the core CBES service design. Example additional support services include car hand controls and adaptive workstations. Extended ongoing support services to help maintain employment long term are provided at a fixed rate of \$26 per hour. Extended services costs have reportedly averaged about \$80 per month (Inge, 2001).

TABLE 4
Employment Outcomes Achieved by SSA Disability Beneficiaries Served by MA CBES

SSA benefits	FY 02 CBES: # employed	Average hourly wage at closure	Average weekly wage at closure	Average hours employed per week	% earning SGA (\$780) at closure
SSI	135	\$8.76	\$254.04	29	71%
SSDI	116	\$9.50	\$332.50	35	76%

CBES in Fiscal Year 2002. Of the 135 SSI recipients served through the CBES who were closed in employment by the Massachusetts Rehabilitation Commission, 71% were earning at or above the Substantial Gainful Activity (SGA) level of \$780 at closure. Of the 116 SSDI recipients served through the CBES who were closed in employment, 76% were earning at or above the SGA level of \$780 at closure (MRC 2002).

The Massachusetts CBES System has addressed issues around adequacy of access in a variety of ways. First, the dollar values assigned to the payment benchmarks were determined based on the results of a cost study and a pilot. The dollar values reflect the true cost of providing the employment services needed by the population served. Second, the payment points and benchmarks are weighted and spaced consistent with the resource expenditures of provider agencies. Research has demonstrated that the most intense period of employment services for individuals with the most severe disabilities is during the initial period after employment (MacDonald-Wilson et al., 1991). The CBES makes payments in a timely manner to providers for successful initial job retention (30 days) outcomes. Finally, the CBES, through the Additional Support option, has addressed the need for flexible and individualized services.

Oklahoma Department of Rehabilitation Services—Milestones Payment System: The Oklahoma Department of Rehabilitation Services (DRS) moved to a performance based funding design in the early 1990s with the initiation of the Milestones Payment System. The Milestones system addresses the issue of adequacy of access by setting up two payment tiers. When a provider serves an individual who meets two or more of the criteria defined for Highly Challenged, a higher payment is received for successful outcomes. Example criteria for the highly challenged group are that the individual requires a personal care attendant at the job site; has exhibited ongoing, documented pattern of behaviors that would jeopardize himself/herself or others at the job site; or has had 3 or more changes in antipsychotic medication in the past year. Here are the milestone payments levels in place for Fiscal Year 2002:

Milestones for Regular Rate Payment Milestone

9. Determination of Need & Career Planning \$500
10. Job Placement \$1,350

11. 4 Weeks Job Retention \$1,800
12. 8 Weeks Job Retention \$1,350
13. Stabilization 12 weeks work \$1,700
14. Rehabilitated (90 days beyond stabilization)
\$2,300
- Total = \$9,000

Milestones for Highly Challenged Rate Milestone

15. Determination of Need & Career Planning
\$500
16. Job Placement \$2,500
17. 4 Weeks Job Retention \$1,500
18. 8 Weeks Job Retention \$1,500
19. Stabilization 17 weeks work \$1,700
20. Rehabilitated (90 days beyond stabilization)
\$3,300
- Total = \$11,000

In Fiscal Year 2001, the Oklahoma VR agency closed in employment 73 SSI recipients who had been served through the Milestones system. The average hourly wage for these individuals was \$5.70 and they worked an average of 24 hr per week. Of these 73 SSI recipients, 21 (29%) were working at SGA level (\$780) at closure. In Fiscal Year 2001, the Oklahoma VR agency closed in employment 44 SSDI recipients who had been served through the Milestones system. The average hourly wage for these individuals was \$5.93 and they worked an average of 19 hr per week. Of these 44 SSDI recipients, 4 (9%) were working at SGA level (\$780) at closure (Oklahoma Department of Rehabilitation Services, 2002).

Effective July 1, 2001, the Oklahoma Milestones System moved to the statewide fixed rates presented above. Previously, rates were set at an individual provider level based on a negotiated bidding system (Oklahoma Department of Rehabilitation Services, 2001). The Oklahoma DRS has consistently reported improved outcomes through the Milestones Payment System. Since DRS moved from the previous hourly fee-based payment system to the Milestones Payment System, more individuals with significant disabilities have gone to work more quickly at less cost per employment outcome (Inge, 2001). The Milestones Payment System also extends the period of potential Vocational Rehabilitation support to a period of at least 6 months of employment, with an even longer period for those individuals who meet the highly challenged criteria. Research has documented that nationally, there are often substantial problems in securing funds for extended services, the services that continue in supported employment after VR funding is completed (West, Wehman, & Revell, 2002). The Oklahoma Milestones timeline of at least 6 months of VR sponsored support after employment helps assure a solid stabilization in employment at the time of movement to extended services funding.

Critical Elements in Assuring Adequacy of Access to Performance Based Funding

There is a need to find a balance among the interests of individuals with disabilities needing employment related supports, the service provider agencies, and the funding agencies. Service consumers, regardless of the degree of challenge they face in obtaining an employment outcome, seek a design that allows them choice in employment goals and service providers. Those consumers who are SSI/SSDI recipients most balance opportunities for earnings through employment with the risk of loss of disability benefits. Provider agencies seek to cover the true cost of providing services. Funding agencies seek to purchase services from providers that achieve desired participant outcomes in a cost efficient and effective manner.

Clearly, each party has a valuable perspective and must be accommodated to some extent if the design is to work. Funding systems that are unbalanced result in persons being excluded from services, poor quality services that fail to consistently achieve desired outcomes, and/or inflated costs for services. For example, a funding design that under-funds (i.e., sets payment levels that do not cover the actual costs associated with serving persons with more intensive support needs) and provides no mechanism for a provider to recoup costs for needed services will leave certain individuals unserved or poorly served. As discussed in the Massachusetts and Oklahoma examples earlier, if there is to be a balance among the interests of key stakeholders, performance based funding approaches must effectively address a number of key concerns.

Based on the lessons learned from existing performance based funding examples, there are a number of factors that should be contained in a criteria for assessing the adequacy of the performance based funding components of the Ticket to Work. As discussed in detail earlier in this article, the "hard to serve" target groups singled out by Congress in relation to the Ticket to Work need access to a variety of interventions to be successful in employment. For these interventions to be provided at the needed level of intensity, specificity, timeliness and duration, the performance based funding system must provide adequate funding. The criteria that define an "adequate" performance based funding system are as follows.

First, payment points in a performance-based system must be weighted and spaced effectively. Performance based funding strategies must balance the funding agency's desire to weight pay schedules toward the final desired outcomes and the desire of the provider agency to maintain a steady cash flow. For example, if 75% of funds are back-end loaded and held until an individual achieves a final outcome, provider agencies may find it difficult to meet their ongoing financial commitments. Balancing of funding risks is particularly relevant to smaller specialty employment agencies that have a limited funding flow. These agencies need early payments for

outcomes such as completion of assessments and successful job placement. Performance based funding systems should insure that competent providers of service are fairly compensated for quality services so that they can cover their costs.

Second, the performance based funding strategy must reimburse at amounts consistent with the resource expenditure risks of providers. If an inadequate overall payment level is assigned, then the balance of risks in assisting “hard to serve” individuals falls heavily on the provider. *Assigning adequate funds involves costing out the desired services accurately.* It also involves *accommodating the costs involved in the inevitable failure of some participants to reach key outcomes.* The outcome payments made for successful participants must incorporate the expenses involved in serving those individuals for whom payments are not received.

Third, the performance based funding strategy should provide support for proactive assessment and job placement activities. The better the information used for establishing a job goal, the better the chance for a quality job match. The Ticket to Work is not about getting people jobs; its goal is to support long-term job retention. People stay in jobs that match their interests.

Fourth, the performance based funding strategy should support replacement activities and provide adequate funding for ongoing support needs. Individuals with significant disabilities frequently need replacement assistance to be successful in employment. Given the limited competitive employment history of many individuals in the hard to serve Ticket population, there will be for some two, maybe three or more job placements occurring before longer-term job stability occurs. The need for replacement assistance is not just a result of job loss: replacement can actually result from taking advantage of job improvement opportunities and from fulfilling career interests. The desired overall outcome for SSA from the Ticket to Work is long term, stable employment that generates wages sufficient enough to eliminate need for disability based cash benefits.

Finally, the performance based funding strategy must address the need of participants for access to a full range of additional support services. The core interventions detailed in this article are the workplace and related supports that are critical to success in employment. However, examples have also been given of additional support services that are prescriptively needed by some individuals to be successful. If a Ticket recipient has a developmental disability that includes significant hearing loss and communication difficulties, additional support services, such as interpreter services and/or communication aids, might be needed.

These five criteria form the basis for assessing the adequacy of the Ticket to Work as a performance based funding system. It is critically important to note, however, that these criteria are drawn from state performance based funding examples that utilized the true costs to employment agencies as a key determinant in the assigning of costs to key outcomes and in setting payment policy. The Milestone-

Outcome and Outcome funding options under the Ticket were constructed in a payment schedule built on savings to SSA from reductions in cash benefits generated by earnings. As a result, there are issues with the current Ticket to Work performance based funding options in relation to the adequacy of access criteria framed above. These issues are summarized in the following section of this article.

Issues With the Ticket to Work Based on Factors That Balance the Risks in Performance Based Funding

The SSA Ticket to Work Milestones-Outcome and Outcome performance based funding strategies do not pay employment service providers on an outcome schedule that reflects the cost amounts or the cost schedule involved in providing employment services. The SSA Ticket to Work is built on SSA intent to have no financial involvement in payment for services provided to assist a Ticket recipient get a job. Also, SSA has very limited involvement in payment for the initial, frequently most intense 30–90 period of employment. In the Ticket’s Milestones-Outcome funding option, payments are made to the Ticket holder after the first and third month that the worker reaches SGA. However, the total of these two SSA Milestones payments is approximately \$500 for SSI-regular recipients.

The SSA Ticket to Work Milestones-Outcome and Outcome payments approaches have SSA assuming very minimal risk for cost of failure. The service provider assumes the cost risk because SSA is mainly making back end payments well after the early high cost period for the provider that occurs during job acquisition and first 60 days of employment. In the funding examples from Massachusetts and Oklahoma, funding agencies share risk with service providers. Also in the funding examples, payments for success include costs for failures—the recovery of costs for provider agencies is based on serving a group of people. The funding examples use an aggregate risk/recovery formula. SSA in the Ticket to Work protects itself from any cost risks, resulting in the full risk burden falling on the provider agency.

SSA is using a fixed goal of employment at SGA earning level. No build up is allowed where payments made in response to employment at less than SGA earnings. The performance based funding examples discussed in this article all allow employment at under SGA earning levels as a successful employment outcome. National research for supported employment has shown an average of weekly employment of about 23–25 hr (Wehman et al., 1998). Closure data from Vocational Rehabilitation clearly demonstrates that the vast majority of SSI/SSDI recipients receiving employment services from employment services agencies are not achieving SGA level earnings.

For example, VR agencies closed 8,326 SSI recipients in supported competitive employment in FY 98. Only 16% were earning SGA level wages at closure. Of the 5,193 SSI recipients

in this group who had a primary disability of mental retardation, only 13% were earning SGA level wages at closure. VR agencies also closed 3,133 SSDI recipients in supported competitive employment in FY 98. Only 15% were earning SGA level wages at closure. Of the 1,210 SSDI recipients in this group who had a primary disability of mental retardation, only 10% were earning SGA level wages at closure (Institute for Community Inclusion, 2002). Employment service providers working with Vocational Rehabilitation agencies are primary candidates for becoming Employment Networks under the Ticket to Work because of their experience in providing employment services to persons with significant disabilities. These employment agencies have very limited experience in assisting SSI and SSDI recipients who are mentally retarded or otherwise developmentally disabled achieve SGA level earnings.

In summary, the experience of funding agencies using performance based funding strategies to purchase employment services raises a number of questions regarding adequacy of access for hard to serve populations through the Ticket to Work. SGA level earnings are the fixed SSA success goal for the Ticket to Work. However, employment service agencies have very limited experience in assisting SSI and SSDI recipients who are mentally retarded/ or otherwise developmentally disabled in achieving SGA level earnings. SSA is assuming very minimal cost risks in its relationships with provider agencies. The cost risk burden falls on the ENs, which will very possibly result in ENs carefully selecting to serve only those Ticket holders who are perceived as being the most likely candidates for successfully achieving SGA level earnings.

Recommendations for Improving Adequacy of Access for Hard to Serve Groups

To improve adequacy of access to the Ticket to Work for the hard to serve target groups, SSA should consider the following three core recommendations:

1. SSA should increase monetary incentives for ENs by restructuring the payment schedules through the Ticket to Work to provide increased funding levels during the first 3-6 months of employment for Ticket holders.
2. SSA should maximize opportunities and support for shared funding arrangements where multiple ENs provide support to a Ticket holder, thus reducing the risk burden experienced by any one EN.
3. SSA should encourage the development of a diverse cadre of ENs that would include Vocational Rehabilitation agencies and employment service agencies experienced in providing work supports to individuals who are SSI/SSDI recip-

ients and also involve employers, schools programs, and state funding agencies other than VR, and One-Stop Workforce Centers, and other non-traditional service entities.

This set of recommendations, as a group, is designed to address the core concern with the proposed Ticket to Work identified in this article. As currently structured, the Ticket to Work places a potentially excessive cost burden on any one EN in using the Ticket's Milestones-Outcome or Outcome performance based funding options. The Ticket strategy needs to be restructured to reduce the cost risk for an EN in providing services to a Ticket holder for which it will not be reimbursed. This restructuring can be accomplished by SSA providing more opportunity for front-end payments closer to the point of job placement and/or by ENs working as a team to share the cost burden. A justification for each recommendation is as follows.

Recommendation 1: SSA should increase monetary incentives for ENs by restructuring the payment schedules through the Ticket to Work to provide increased funding levels during the first 3-6 months of employment for Ticket holders. The first 3-6 months of employment are the most intense phase of work supports for individuals with significant disabilities, such as SSI and SSDI beneficiaries who are mentally retarded or who have other developmental disabilities such as autism, cerebral palsy, head injuries that occur before the age of 22, and seizure disorders. The Outcome payment option under the Ticket to Work does not begin payments to ENs until entitlement to Social Security Disability cash benefits ends because of earnings. Under the Outcome-Milestone payment method, payments of \$162 are made at 1 calendar month of employment above SGA for an SSI recipient and \$324 after 3 months above SGA within a 12 month period. For an SSDI recipient, the corresponding payment amounts are \$269 after 1 month and \$538 after 3 months. These SSA payment schedules are substantially lower than the payment schedules described in the existing performance based funding examples detailed earlier in this article. The low SSA payments create a potential cash flow burden for ENs because of the time delay between the expenditure of resources by the EN to provide work supports and the collection of payments from SSA.

SSA has two primary options for increasing the monetary incentives for ENs. First, it can adjust the outcome criteria that keys payments to providers. SSA realizes a potential cost savings for SSI recipients who are employed at under SGA level earnings. The SGA wage level outcome criteria currently set by SSA for payments to ENs under the Ticket to Work set a very high standard. By allowing payments to ENs for wage outcomes under SGA, particularly during the initial 3-6 month period of employment where the current Ticket payment schedule is particularly thin, SSA would increase the incentives to ENs to provide work supports to Ticket holders

in the higher risk, hard to serve group. Second, along with adjusting the outcome criteria to allow for payments to ENs for wage outcomes below SGA, SSA should also consider raising the payment amounts under the initial Milestone payments under the Outcome-Milestone payment option. The cost burden to ENs under the Ticket to Work needs to be reduced. SSA can adjust that cost burden by adjusting the outcome criteria upon which payments are based and/or by raising the payment levels during the early stages of employment support.

Recommendation 2: SSA should maximize opportunities and support for shared funding arrangements where multiple ENs provide support to a Ticket holder, thus reducing the risk burden experienced by any one EN. The major cost burden to ENs is during the first 3–6 months of employment where the work supports are most intense. An individual EN can reduce that initial cost burden by working out shared funding agreements with an agency or with agencies that fund employment services for the individuals with significant disabilities. These agencies include Vocational Rehabilitation, the state agency through which funds are drawn from the Home and Community Based Medicaid Waiver, and/or state and local Mental Retardation/Developmental Disabilities Agencies. For example, VR provides time limited funding that usually pays for work supports needed during the first 3–6 months of employment. However, VR continues to experience problems with the funding of extended services needed to help individuals with significant disabilities maintain employment. An EN with a shared funding agreement with VR would potentially collect fees from VR to cover the high risk, low payment (under the Ticket) initial 3–6 months of employment. For individuals who successfully meet the SSA Ticket outcome criteria, the shared funding agreement between VR and the EN would, for example, use Ticket payments from SSA to reimburse VR for its fee expenditures and then provide ongoing funding to the EN who is providing the job retention supports.

Recommendation 3: Encourage development of a diverse cadre of ENs that would include vocational rehabilitation agencies and employment service agencies experienced in providing work supports to individuals who are SSI/SSDI recipients and also involve business, school programs, state funding agencies other than VR, and One-Stop Workforce Centers, as well as other non-traditional service entities. The employment networks (EN) will obviously play a major role in the Ticket implementation, perhaps significantly more than has been written about to date or described in the literature. The ENs' role and function are described extensively in the *Federal Register* (2001) rules and regulations for the Ticket. Basically, they are the entities that are charged with providing the job search and ongoing employment service supports. As noted in the *Federal Register*, they can be charitable organizations such as local rehabilitation programs, state agencies supervising VR programs, One Stop delivery systems under

the Workforce Investment Act, schools, or employers in business and industry. In short, there is a wide spectrum of groups that can be ENs.

So the question is: *Which of these entities will want to participate in the Ticket program, especially as relates to MR/DD clients, and which of these entities can also be effective as an EN?* We believe that this is the cutting edge question for the success of the Ticket for MR/DD hard to serve populations. With the large number of persons on SSI who are also labeled MR/DD, this could be a significantly positive opportunity for individuals who want to work competitively and can also be a source of payment revenue for employment organizations.

There are several thousand supported employment vendors (Wehman et al., 1998). Some of these have successfully helped MR/DD clients out of day programs, into competitive employment and off the SSA disability rolls, but the majority have not.) There is a clear risk that being an employment network entails, such as the fact that SSA beneficiaries have been determined by SSA as being unable to work and they therefore constitute a high financial risk to an EN. Payments through the Ticket come in at a pretty low level initially, and payment levels are based on projected savings to SSA when beneficiaries stop receiving their checks (O'Brien, 2001). If you are a community rehabilitation day program, would you choose taking a set amount of money each year (e.g., \$8,500 per person) for services which is guaranteed by your MR/DD agency, or would you work with the Ticket program with lower funding levels that aren't guaranteed? The answer is pretty obvious, which is why this group may choose to not be major players as ENs, at least as stand-alone entities.

One possible alternative to this scenario might be if the state mental retardation agency or local funding agency to the day program is willing to maintain funding for SSI/SSDI clients in their program while the Ticket is being exercised and employment programs are being explored. In this fashion, the provider could reap the basic day services funding AND also accrue the projected SSA savings. Will this happen? And are providers in the community willing to try and negotiate this? This type of arrangement is a viable option.

Two of the most viable EN categories, which should be seriously encouraged to participate, are (a) public schools, and (b) companies in the community. Lets look at the case for public schools first. Most schools have some form of work experience, vocational-technical center, vocational education, and vocational evaluation component in their program. While they are not usually well experienced in job placement and employment, all of the other pieces are in place. They could front load the funds for placement and accept the risk since these students, for the most part, will be on a special education entitlement for services anyway. Secondly, the schools are under increasing pressure to place students into competitive employment before graduating and this would be a possible vehicle to recoup some of these costs long term by the school district. Third, one of the fastest growing groups of beneficiaries going on the SSA rolls are young people, so interrupting

this chain of dependence should be appealing to local and state officials. Finally, public schools bring many instructional and vocational resources to problem solving and community connections not the least of which is credibility in the employer community. Most employers have children in schools and they may be willing to work with school programs that are ENs.

The second group that requires a hard look as ENs are businesses involved in manpower development, placement services, telecommuting services, and large corporations who may have specific labor demands such as banks, insurance companies, data processing companies or other corporations that have a unique need such as staffing a call center for example. The use of the Business Leadership Networks, trade associations, like the Food Service or Hospitality associations, or local or state chambers of commerce are all possible ENs or partnerships that could be formed.

Perhaps the most powerful arrangement would be the combined EN as described in Recommendation #2. For example, a select business/association group with one school system. This then provides the labor supply in direct conjunction with the business/placement expertise with the two groups dividing up whatever SSA savings accrue. There would also be the intangible motivation of both groups to engage in socially responsible activity which is to help students with MR/DD have competitive employment work opportunity.

In order for these opportunities to occur, we believe that federal agencies need to test out these models through demonstration projects in different states to see the viability of how they unfold. Consider the power of a J. W. Marriott Corporation teaming up with the Montgomery County, Maryland, public schools as an EN. All the above ingredients would be in place to roll out hundreds of SSA beneficiaries over a five to 10 year period. Now amplify this across 20 more cities and some progress might begin to be made.

Concluding Remarks: Looking at All the Variables in the Process

This article has been directed primarily at examining the adequacy of the Ticket to Work and its funding design for acquiring employment services needed by individuals with MR/DD to be successful in employment. The way a person or program is funded, including the amount allocated, is surely a very important variable in the equation. The current Ticket design and its milestones-outcome and outcome payment mechanisms for employment place the burden on the beneficiary and employment network to arrange a meaningful employment outcome or no funds will be forthcoming from SSA.

Unfortunately, the type of payment mechanism, whether it be fee-for-service, contract, results based funding, or use of a Ticket arrangement only focuses on one of the three critical variables involved in getting to the end point. There are two others in this equation, and they are the family-friend-local

economy-EN variable and finally, the beneficiary. The person who is involved is a high variable in this process.

Hence, we know that the Ticket payment mechanism has some positive features as well as some limitations. However, what may not be carefully considered in reading this article is that the community and family and employment network the person chooses to utilize will be a very defining aspect of a successful outcome or not. We know, for example, that families and friends are powerful mediators of job placements, sometimes much more so than paid employment counselors. Consequently, it is pretty clear that no matter how the Ticket structured, without a viable local economy and supportive family-friend network, placement and retention will be very difficult.

Additionally, the person who is motivated to work and get off SSI/SSDI will be an enormously greater prospect for entering competitive employment than the one who is not. Similarly, certain people present complex learning, physical or emotional behaviors that greatly complicate the speed with which employment can be secured and retained; they also present a greater perceived employment risk for an EN.

Therefore, it is incumbent on those involved in employment policy for especially hard to serve populations to consider that the target, competitive employment, cannot be achieved exclusively with a Ticket funding mechanism; placement is contextual—that is precisely why it has been so elusive for so long. It is not just one or two policies or one or two variables but instead an interaction of (a) the person and his/her characteristics and work motivation, (b) the community environment, including family, economy and EN, and (c) the payment mechanism, including amount of funds and how they are distributed as well as reliability of payment. To seriously untangle this maze of challenges, each variable needs to be considered and taken into account in the planning process.

In closing, what influence can the Ticket have on this process? The Ticket can have a significant impact if used in the right environment, by the right beneficiaries, and in the right employment settings. We clearly know now about the learning and work capacity of persons with MR/DD. What we don't know is precisely what the "right" circumstances are for this group of people to make the Ticket actually work in an efficient and effective way. Research needs to be conducted longitudinally in such a way to track the characteristics of the different settings and types of ENs in which these individuals can maximize the Ticket. We also need to know whether younger people coming directly out of school can do better than those who have been on SSI for long periods of time.

The Ticket, and the payment system associated with it, is a work in progress. Expanding the use of different and innovative ENs is very important. Helping beneficiaries understand what is involved in being successful in employment and their role is equally important. This will be an exciting time to see the level of impact this legislation can have on the overall equation.

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Making a Difference

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Craig R. Fiedler

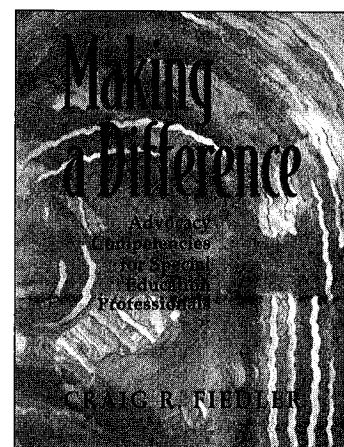
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