Vocational Rehabilitation Return on Investment Project

Estimating Return on Investment in State Vocational Rehabilitation Programs

Background

The VR-ROI Project uses readily-available administrative data to allow researchers to estimate the Return on Investment (ROI) for Vocational Rehabilitation (VR) services. The project analyzes VR applicants during State Fiscal Years 2000, 2007, and 2012. It generates estimates of the impact of specific types of VR services for individuals with specific types of disabling conditions. This allows for accurate description of program performance as well as how different services produce those outcomes.

- VR-ROI ***IS*** a way of estimating the economic value of the public VR program.
- VR-ROI ***IS NOT*** a means of demonstrating the non-economic values and impacts of the program.

Participants include VR Agencies from Delaware, Kentucky, Maryland, North Carolina, Texas, and Virginia.

Dr. David Dean and VR-ROI

The VR-ROI Project would not be possible without the foundational work of the late Dr. David Dean. Using his knowledge of the VR program and labor economics, he first brought together the members of the VR-ROI Project team. The diverse expertise of economic and rehabilitation counseling researchers bridges the two professions to provide well-rounded research on vocational rehabilitation programs.

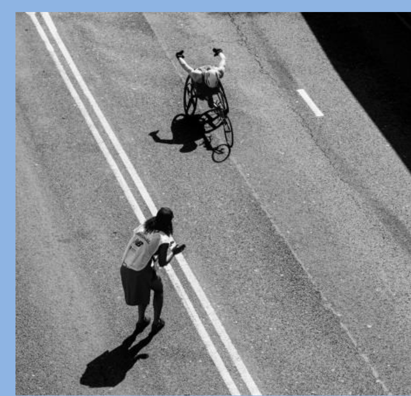
Recent Publications

- Dean, D., Pepper, J.V., Schmidt, R.M., & Stern, S. (2018). The effects of youth transition programs on labor market outcomes of youth with disabilities. Manuscript submitted for publication in the *Economics of Education Review*.
- Dean, D., Pepper, J.V., Schmidt, R.M., & Stern, S. (2018). The effects of vocational rehabilitation for people with physical disabilities. *Journal of Human Capital*, *12(1)*, 1-37.
- Dean, D., Pepper, J.V., Schmidt, R.M., & Stern, S. (2017). The effects of vocational rehabilitation for people with mental illness. *Journal of Human Resources*, *52(3)*, 826-858.
- Dean, D., Pepper, J. V., Schmidt, R. M., & Stern, S. (2015). The effects of vocational rehabilitation for people with cognitive impairments. *International Economic Review*, *56(2)*, 399-426.

Methodology

How does VR-ROI differ from other ROI models?

- The approach moves beyond a generic VR customer who receives a generic VR service package.
- It can be used as a means to meet legislators' informational needs with rigorous ROI data.
- It acknowledges that each state VR program is unique.
- It tracks employment and earnings for at least two years prior to VR application and five to ten years after application to recognize VR's long term impact.
- It includes features that help distinguish VR from other influences. Bases two instruments on the individualized nature of VR through the client-counselor partnership. Also controls for demographics, pre-VR employment and earnings, nature of the disabling condition(s), and the national and local economies.



VR-ROI Team

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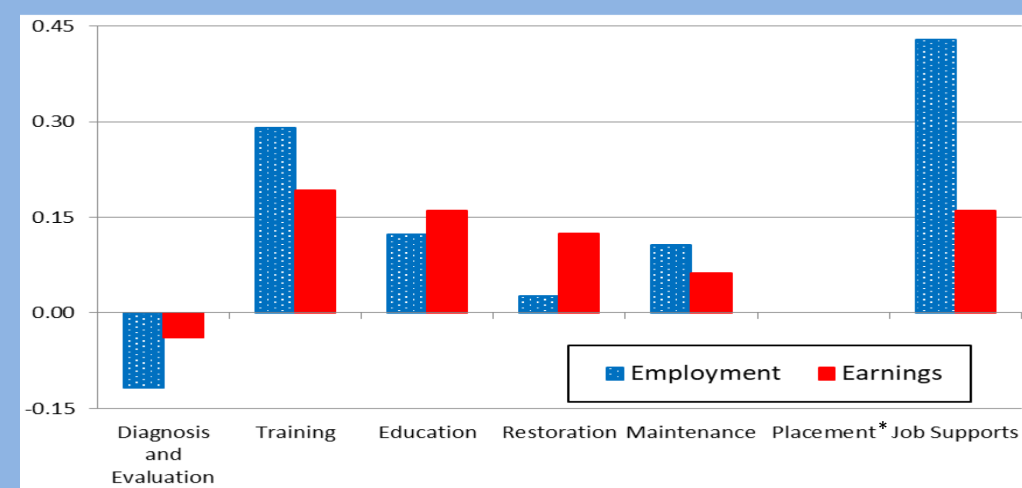
Example 1: Virginia DARS* Findings

- 80% of VR applicants in 2000 earned more as a result of VR services.
- For every $1,000 spent by DARS, the average (median) consumer earned $7,100 more over 10 years than they would have earned without VR services.
- The top 10% earned $45,100 (or more) over the same period.

*Department for Aging and Rehabilitative Services

Example 2: Results by Service Type

- Chart shows changes in employment rates and earnings (if employed) for applicants to Virginia DARS in SFY 2007 who were diagnosed with a physical impairment.
- E.G., Purchased Training Services: changes in employment rates were 29 percentage points higher for recipients than non-recipients. Earnings were 19% higher.



* Note: VA DARS does not purchase Placement services.

Ethical Guidelines for Use of VR-ROI

VR-ROI Recommendations:

- Do not use ROI to screen out individuals.
- Use must be compatible with the individualized nature of VR services.
- Report findings accurately to ensure credibility.
- Obtain feedback from key stakeholders.
- Select ROI method carefully based on upon needs.
- Evaluate results to avoid broad generalizations.
- Develop safeguards to investigate unanticipated trends.