

2011

The Interaction of Workforce Development Programs and Unemployment Compensation by Individuals with Disabilities in Washington State

Kevin Hollenbeck
W.E. Upjohn Institute

Citation

Hollenbeck, Kevin. 2011. The "Interaction of Workforce Development Programs and Unemployment Compensation by Individuals with Disabilities in Washington State." New Brunswick, NJ: NTAR Leadership Center.
<http://research.upjohn.org/externalpapers/58>

This title is brought to you by the Upjohn Institute. For more information, please contact ir@upjohn.org.

June 2011

The Interaction of Workforce Development Programs and Unemployment Compensation by Individuals with Disabilities in Washington State

by Kevin Hollenbeck

Introduction

The most severe economic downturn since the Great Depression, the Great Recession — officially dated from December 2007 to June 2009 — has thrown millions of Americans out of work (National Bureau of Economic Research, 2010; Rampell, 2009; Bureau of Labor Statistics, 2010). Among those most affected by employer downsizing during this period have been people with disabilities (Kaye, 2010). As of February 2011, the unemployment rate of people with disabilities stood at 15.4%, up from 13.8% a year earlier.

To assist unemployed workers, the United States has established programs to provide them with replacement income while they are unemployed and assistance in connecting them with employers and/or with skills training to improve their employment prospects. The Unemployment Insurance (UI) system is the nation's principal program for insuring individuals against losses of employment income by providing temporary wage replacement for people who lose their jobs through no fault of their own (U.S. Department of Labor, 2011). As an insurance system into which nearly all workers pay premiums, the UI system is intended to provide support for all workers who pay into it, regardless of race, gender, disability status, or other personal attributes. The public workforce system, through local One-Stop Career Centers and vocational rehabilitation offices, provides job seekers assistance in looking for work and access to basic skills and occupational training programs in order to shorten the duration of unemployment.

Although the unemployment rate of people with disabilities exceeds that of people without disabilities (Bureau of Labor Statistics, 2010), little is known about whether people with disabilities avail themselves of UI benefits in the event of involuntary job separations. This report addresses this gap in the research by considering the following question: *With so many people with disabilities unemployed, to what extent do individuals with disabilities receive UI benefits?* As a means of building a more complete understanding of the rate at which people with disabilities access the UI benefits system, this report also examines the extent to which people with disabilities use the public workforce system and the rate at which those who use it become employed after receiving services.

The means for examining these issues are individual-level administrative data that researchers at the W.E. Upjohn Institute for Employment Research received from the state of Washington. Using these data, researchers estimate the number of people with disabilities who access services through the public workforce system, the number of these individuals who receive UI benefits, and the employment rate of those with disabilities who

access the public workforce system. To study trends over time, the researchers used data from two fundamentally different economic periods — the boom years of 2006 and 2007 and the down years of 2008, 2009, and 2010 — to measure UI benefit receipt and employment rates.

This report begins with a brief description of the UI program, as well as the rules that govern eligibility in the state of Washington. Next is a description of the data, including data sources, data fields, and time periods for which the data were available. The next section is the heart of the report and presents the results from the data analysis. The final section discusses key findings and suggests areas for future research.

The Washington State Unemployment Insurance System

The UI program is a social insurance program designed to partly replace the earnings lost from involuntary unemployment. The UI program is an insurance program in the sense that workers — and their employers — pay premiums into it in the form of UI payroll taxes. In the event of involuntary job loss, workers who have paid their premiums receive “coverage” in the form of benefits to partly offset their lost earnings. The U.S. Treasury holds the premiums paid in escrow in the UI trust fund. The states set some eligibility requirements for who may receive benefits, establish weekly benefit amounts, and disburse payments from the trust fund to eligible beneficiaries.

To be eligible, a person must have lost her job through no fault of her own and must have worked for a “covered” employer; that is, an employer whose employees are covered by the UI system. Covered employers include virtually all employers. Primary exceptions include the federal government and religious organizations. In order to receive benefits, a person must also have worked enough in the past year to meet the state’s threshold for employment or earnings experience. The state of Washington determines whether a person has worked enough to receive UI benefits based on the number of hours he has worked in the past year. Individuals who have worked 680 hours in the past year — and meet the other requirements identified above — are eligible to receive UI payments.

In Washington, the weekly benefit amount that an unemployed person receives is a function of the statutory earnings replacement rate (50%), the maximum weekly benefit amount (\$570), and the earnings base, which is the average of the two highest earning quarters in the past year.

The Data

The Upjohn Institute is under contract with the state of Washington to conduct a net impact and cost-benefit analysis of 11 major programs in the state’s workforce development system. For that work, the state has supplied Upjohn with three key datasets:

1. UI benefits data,
2. Data on individuals who exited from the state’s workforce development programs, and
3. UI wage record data.

Washington provided UI benefits data — weekly benefit amounts — for the period of January 2005 through June 2010. Since the UI benefits data do not contain an identifier for whether a person has a disability, in order to calculate UI benefit rates for people with disabilities, it is necessary to merge the UI benefits data with other sources of data that contain a disability field. As part of Upjohn’s contract with Washington, the state has supplied administrative data on individuals who exited from workforce programs in fiscal year 2005-2006 and in fiscal year 2007-2008. Included in these program data are records of individuals served by the state Division of Vocational Rehabilitation and by the Department of Services for the Blind, 100% of whom have a disability. Also included in the data are records of individuals who participated in the Workforce Investment Act (WIA) programs — adult, dislocated worker, and youth. These data have a self-reported disability variable. It is important to note that because the UI benefits data lack a field for disability, it is not possible to estimate UI benefit receipt rates for all people with disabilities in the state, but only for the subset who receive services through the public workforce programs identified above. Researchers at Upjohn also used Washington’s UI wage record data, which include the quarterly earnings information for everyone in Washington State who was employed between January 2005 and June 2010.

Research Questions

In order to fully examine the issue of the frequency with which people with disabilities access the UI benefit system, researchers at Upjohn developed the following research questions.

1. What percent of people with disabilities who accessed the public workforce system received UI benefits?
2. What were the demographic characteristics of the people with disabilities who received UI benefits?
3. Did the percent of people with disabilities who received UI benefits vary across the different state agencies and the programs they offered?
4. Did the percent of people with disabilities who received UI benefits vary between the strong economy years and the Great Recession?
5. For the time period studied, how many times did people with disabilities go on UI benefits; that is, how many periods of UI benefit receipt did these individuals have?
6. What was the average duration of receipt of UI benefits for people with disabilities who accessed the public workforce system?
7. What was the employment rate of people with disabilities who accessed the public workforce system after they exited services?
8. Did employment rates vary across the two phases of the business cycle?
9. What was the average UI benefit amount that people with disabilities who accessed the public workforce system receive?

10. What were the average quarterly earnings of people with disabilities who accessed the public workforce system?
11. What was the replacement rate of the UI benefit received among people with disabilities who accessed the public workforce system?

Receipt of Services from the Public Workforce System by People with Disabilities

For WIA adults, the percentage of exiters (defined as any person who received a WIA service and was classified as exiting from the program) in 2005-2006 and in 2007-2008 who reported themselves to have a disability were 10.7% and 11.5% of the total of all exiters from WIA adult services, respectively. For dislocated workers who reported having a disability, these percentages were 4.7% and 5.9% in the respective time periods. For youth who reported having a disability, the percentages were 16.5% and 18.2%. Table 1 presents the sample sizes for this report.

It is important to note that these figures only reflect data for individuals who participated in the workforce development system. Upjohn researchers did not have access to the full universe of UI beneficiaries, so there is no information on individuals with disabilities who receive UI benefits, but never enrolled in any of the workforce development programs in the state. It is likely that there are other people with disabilities in the state who are receiving UI benefits but are not accessing services through the public workforce system. It is difficult to estimate how many people would be included in this group.

Unemployment Insurance Benefit Reciprocity

Upjohn researchers received from Washington State six years of UI benefit data for the individuals in the study. In particular, Upjohn received weekly benefit amounts between January 2005 through June 2010. First examined was the percentage of the sample that received benefits. Table 2 provides these data. (Unless otherwise noted all differences in proportions [percentages] discussed in the text of this section are statistically significant at 90%.)

Table 1. Number of Exiters by Public Workforce Program who Reported having a Disability, Washington State

	2005-2006	2007-2008
WIA		
Adults	424	328
Dislocated Workers	209	172
Youth	512	411
Division of Vocational Rehabilitation	4,277	3,563
Department of Services for the Blind	255	264
Total	5,295	4,738

Table 2. Number and Percentage of Workforce Development Program Exiters with a Disability who Received UI Benefits, by Year of Program Exit and by Program

	2005-2006		2007-2008	
	Number	% of Sample	Number	% of Sample
WIA				
Adults	172	40.6%	126	38.4%
Dislocated Workers	105	50.2%	138	80.2%
Youth	82	16.0%	44	10.7%
Division of Vocational Rehabilitation	650	15.2%	722	20.3%
Department of Services for the Blind	29	11.4%	37	14.0%

Two sets of patterns stand out as interesting: differences across programs and differences over time. First, Table 2 clearly shows that a substantial share of individuals with disabilities in the WIA adult and dislocated worker programs received UI benefits, but only one in five or less of the individuals who participated in the WIA youth program or received services from the Division of Vocational Rehabilitation (DVR) or Department of Services for the Blind (DSB) received UI benefits. There may be several reasons for these cross-program differences.

One explanation for these differences between WIA adult and dislocated worker program exiters with disabilities, on the one hand, and WIA youth program exiters with disabilities and exiters from DVR and DSB services, on the other, could derive simply from different rates of employment across the two groups. In order to receive UI benefits, a person has to have a significant enough employment history to qualify for benefits. It may be that WIA adult and dislocated worker program exiters with disabilities had stronger labor market attachment and hence were more likely to possess the work histories that qualified them to receive UI benefits versus WIA youth program exiters and exiters from services offered by DVR and DSB. To gauge labor market attachment and assess this explanation, Upjohn researchers calculated the percent of quarters between January 2005 and June 2010 in which individuals had non-zero earnings in the UI wage record data. Table 3 presents these percentages along with the UI benefit receipt rates from Table 2.

Table 3. UI Benefit Receipt and Employment of Workforce Development Program Exiters with a Disability who Received UI Benefits, by Year of Program Exit and by Program

	2005-2006		2007-2008	
	% Receiving UI	% of Quarters with Non-Zero Earnings	% Receiving UI	% of Quarters with Non-Zero Earnings
WIA				
Adults	40.6%	55.3%	38.4%	45.9%
Dislocated Workers	50.2%	59.4%	80.2%	63.3%
Youth	16.0%	46.5%	10.7%	32.3%
Division of Vocational Rehabilitation	15.2%	40.0%	20.3%	44.1%
Department of Services for the Blind	11.4%	40.3%	14.0%	41.2%

Mirroring the UI benefit receipt rates, the exiters with the highest percentages of quarters of non-zero earnings were the WIA adult and WIA dislocated worker program exiters. On average, the WIA adult and WIA dislocated worker program exiters worked between 10% and 15% more of the quarters from January 2005 to June 2010 than the WIA youth exiters and exiters from DVR and DSB. This suggests that the stronger employment histories of the WIA adult and dislocated worker participants partly explained their greater rates of UI benefit receipt compared to WIA youth exiters and exiters from DVR and DSB.

The researchers also calculated the percent of program exiters who had non-zero earnings in at least one quarter out of the 22 quarters from January 2005 through June 2010. Table 4 shows these results, again next to the UI benefit rates from Table 2.

Again, WIA adult and dislocated worker program exiters had stronger labor market attachment than exiters from DVR and DSB services, with nearly 90% or more of the former having at least one quarter of non-zero earnings compared with between 67% and 85% for the latter. Once again, the individuals with the stronger labor market attachment were the individuals most likely to receive UI benefits. The one group that did not fit this pattern was the WIA youth exiters. Nearly 90% of WIA youth program exiters had positive earnings in at least one quarter, rates comparable to the other WIA exiters who had high rates of UI benefit receipt. The question is, if the WIA youth exiters, by this measure, had strong labor market attachment, why did they have such low rates of UI benefit receipt? The answer may be that although WIA youth exiters were employed, they had the lowest average quarterly earnings of any of the groups studied here. Youth exiters had earnings levels that were at least \$1,600 less per quarter than the exiters from any of the other groups. (Average earnings calculations are presented in Table 12.) The lower percentage of quarters in which WIA youth exiters were employed and their low earnings levels per quarter suggest that WIA youth exiters were less likely to work enough hours in a year to qualify for UI benefits, compared with the exiters of other WIA programs.

Table 4. UI Benefit Receipt and Quarters of Non-Zero Earnings of Workforce Development Program Exiters with a Disability who Received UI Benefits, by Year of Program Exit and by Program

	2005-2006		2007-2008	
	% Receiving UI	% with at Least One Quarter of Non-Zero Earnings	% Receiving UI	% with at Least One Quarter of Non-Zero Earnings
WIA				
Adults	40.6%	89.9%	38.4%	90.2%
Dislocated Workers	50.2%	88.5%	80.2%	97.1%
Youth	16.0%	93.4%	10.7%	89.5%
Division of Vocational Rehabilitation	15.2%	72.5%	20.3%	84.6%
Department of Services for the Blind	11.4%	67.1%	14.0%	76.1%

There are some other additional possible reasons that may also partly explain the differences in UI benefit receipt rates between WIA exiters with disabilities and exiters from DVR and DSB services. First, WIA participants may have had higher rates of UI benefit recipiency partly because Washington state law requires that selected UI benefit recipients appear at One-Stop offices to document what they have done to find work and to receive services (Chase, 2007). This rule likely had the effect of reducing the number of people who received UI benefits, because some opted not to go to the One-Stop as requested (Chase, 2007). The law also, however, certainly increased the proportion of UI benefit recipients who received WIA services — and hence the proportion of WIA service recipients who received UI benefits — because the sample of individuals called in to the One-Stops includes not only individuals who had already received services but also people who otherwise would not have received WIA services. Second, it is possible that many people who received services through DVR and DSB received Social Security Disability Insurance (SSDI), and people who received SSDI were less likely to receive UI benefits. Third, it is possible that the people who received services through WIA had a stronger work history than the people who received services through DVR and DSB.

Turning now to a comparison of UI benefit receipt rates for the different WIA programs, dislocated worker program exiters had the highest rates of UI benefit recipiency, whereas youth program exiters had the lowest rates. As the data in Tables 3 and 4 indicate, the differences in UI benefit recipiency rates across the three WIA programs are likely functions of differences in work history — and hence eligibility to receive UI benefits — across the individuals who accessed these three different programs. Youth had the lowest UI benefit recipiency rates because they had the least significant work histories and were therefore less likely to have worked the requisite 680 hours in the previous year to qualify for benefits. Dislocated workers, by definition, met the minimum work requirements and so qualified to receive benefits. Exiters of WIA adult programs fell somewhere in between.

There are also some differences in UI benefit recipiency rates within programs over time. Fifty percent of the 2005-2006 dislocated worker program exiters received UI benefits compared with 80% of the 2007-2008 dislocated worker exiters. In addition, whereas 15% of exiters from DVR services in 2005-2006 received UI benefits, 20% of the 2007-2008 exiters did. There are variations over time in the recipiency rates for exiters of the WIA adult and youth programs as well as from DSB services, but these differences are not statistically significant.

By definition, a dislocated worker has the work history to qualify for UI benefits. Therefore, assuming constant labor markets in the two time periods, the percentage of dislocated workers who collected UI benefits should be the same for 2005-2006 exiters as for 2007-2008 exiters. However, labor markets were very different in the July 2006 through June 2008 period compared with conditions in the July 2008 through June 2010 period. It is likely that many more dislocated workers who exited in 2007-2008 had difficulty finding employment in the two years after exiting services than did the 2005-2006 exiters. Consequently, a greater percentage of the 2007-2008 exiters applied to receive UI benefits. Fewer of the 2005-2006 exiters received UI benefits, because fewer of them needed those benefits as a result of having an easier time becoming reemployed following dislocation from their original job.

As for the DVR exiters, it is important to note that although many people are born with a disability, many people also acquire a disability during the course of their lives. It may be that some of the individuals who received services from DVR and DSB and exited in 2007-2008 acquired their disabilities sometime after the period for which the UI benefit data were used for analysis. Therefore, a greater proportion of the individuals who exited vocational rehabilitation services in 2005-2006 had a disability for more of the quarters for which the UI benefit

data were available than individuals who exited vocational rehabilitation services in 2007-2008. As a result, they had more quarters of pre-disability employment than the 2005-2006 exiters, hence they were more likely to have the work history needed to qualify for UI benefits, resulting in the higher UI benefit receipt rates.

Demographic Characteristics of UI Benefit Recipients

Upjohn Institute researchers also disaggregated the data by demographic characteristics. Tables 5 and 6 display some of the demographic characteristics of the individuals under study. For each of the programs, Upjohn examined the distribution of UI recipients by sex, education level, and age. For virtually every program in both cohorts (with only one exception), the percentage of UI recipients who were female was lower than the percentage of male recipients. (The differences were statistically significant in both years for WIA youth and DVR exiters and were statistically significant in 2005-2006 for WIA adult and statistically significant for WIA dislocated workers for the 2007-2008 exiters.) One might hypothesize that this difference stems from lower levels of labor force attachment among women. Although it is true that for most of the programs and years noted, men had higher employment rates, the differences are not as large as the difference in rates of UI reciprocity. (See Tables 7 and 8.) So part of the explanation might also come from patterns of employment, earnings levels, and circumstances of job separation that differ by sex.

Table 5. Percentage of Workforce Development Program Exiters with Disabilities who Received UI Benefits, 2005-2006 Cohort, by Characteristics and Program

	WIA			Division of Vocational Rehabilitation	Department of Services for the Blind
	Adults % w/UI	Dislocated Workers % w/UI	Youth % w/UI	% w/UI	% w/UI
2005-2006 Cohort Total	40.6%	50.2%	16.0%	15.2%	11.4%
Sex					
Female	35.5%	48.5%	10.0%	13.6%	8.9%
Male	46.4%	51.8%	20.5%	16.5%	13.6%
Education					
< High School	33.3%	*	15.3%	11.2%	NA
High School Graduate	42.3%	43.7%	17.3%	15.7%	NA
> High School Graduate	40.5%	54.1%	*	18.9%	NA
Age					
< 21	20.0%	*	NA	9.4%	5.9%
22 to 30	37.7%	70.0%	NA	13.7%	10.0%
31 to 40	47.6%	42.5%	NA	17.4%	19.6%
41 to 50	41.7%	45.7%	NA	18.3%	10.9%
51+	40.7%	56.4%	NA	16.1%	11.1%

* Less than five observations; NA = data not available or not applicable.

Table 6. Percentage of Workforce Development Program Exiters with Disabilities who Received UI Benefits, 2007-2008 Cohort, by Characteristics and Program

	WIA			Division of Vocational Rehabilitation	Department of Services for the Blind
	Adults % w/UI	Dislocated Workers % w/UI	Youth % w/UI	% w/UI	% w/UI
2007-2008 Cohort Total	38.4%	80.2%	10.7%	20.3%	14.0%
Sex					
Female	37.4%	74.3%	5.0%	17.1%	14.8%
Male	39.6%	84.3%	14.3%	22.9%	13.5%
Education					
< High School	21.6%	57.1%	10.1%	13.7%	NA
High School Graduate	34.3%	83.9%	15.6%	23.1%	NA
> High School Graduate	45.6%	79.8%	*	24.0%	NA
Age					
< 21	29.4%	*	NA	10.1%	12.2%
22 to 30	46.7%	86.7%	NA	19.4%	14.3%
31 to 40	32.4%	79.3%	NA	23.6%	11.1%
41 to 50	40.4%	81.8%	NA	24.0%	23.7%
51+	38.4%	77.8%	NA	24.6%	9.2%

* Less than five observations; NA = data not available or not applicable.

In general, Tables 5 and 6 show that individuals whose highest level of education was less than a high school degree tended to have the lowest rates of unemployment compensation take-up. Individuals with education levels above high school tended to have higher rates of take-up than those with just a high school degree, although the differences across those two levels of education were smaller than the differences between those two levels and those individuals who did not complete high school. (For both years of exiters, the differences for WIA adult exiters and DVR exiters were statistically significant, while in 2007-2008, the differences were also significant for WIA dislocated worker program exiters.)

Among the age classes, individuals younger than 21 had, not surprisingly, very low rates of take-up of UI. In general, the individuals with disabilities who received some UI benefits tended to be prime age (31 or over), with some drop-off above the age of 50.

In the same way that Upjohn researchers compared the UI benefit reciprocity rate of all public workforce system exiters to their labor market attachment, they made the same comparisons by demographic characteristics. Tables 7 and 8 display the percent of quarters between January 2005 and June 2010 in which individuals had non-zero earnings in the UI wage record data disaggregated by sex, education, and age.

Table 7. Percentage Employment Rate of Disabled Workforce Development Program Exiters During Analysis Period, 2005-2006 Cohort, by Program

	WIA			Division of Vocational Rehabilitation	Department of Services for the Blind
	Adults % Empl.	Dislocated Workers % Empl.	Youth % Empl.	% Empl.	% Empl.
2005-2006 Cohort Total	55.3%	59.4%	46.5%	40.0%	40.3%
Sex					
Female	51.7%	61.1%	44.4%	38.2%	40.0%
Male	59.5%	57.8%	48.1%	41.4%	40.5%
Education					
< High School	52.8%	*	44.9%	42.0%	NA
High School Graduate	57.8%	60.4%	54.0%	39.8%	NA
> High School Graduate	54.0%	59.4%	*	38.1%	NA
Age					
< 21	46.4%	*	NA	46.2%	44.8%
22 to 30	55.6%	52.7%	NA	43.6%	41.7%
31 to 40	60.3%	56.5%	NA	39.9%	43.1%
41 to 50	58.6%	66.3%	NA	36.0%	40.2%
51+	49.2%	54.4%	NA	34.2%	33.8%

* Less than five observations; NA = data not available.

Table 7 shows that men were generally employed in a greater percent of quarters from January 2005 through June 2010 than women. As noted earlier, however, these differences were smaller than the differences in UI benefit reciprocity rates between men and women, and for the WIA dislocated worker program, women had more quarters of employment than men. People with less than a high school education were less likely than people with more education to be attached to the labor market, though the difference was only statistically significant for 2007-2008 WIA dislocated worker exiters.

The patterns of employment were generally correlated with the patterns of uptake of UI, though the correlations were not perfect. For the 2007-2008 cohort of exiters, women had the same degree of labor market attachment as men. For both cohorts, individuals with less than a high school education averaged a lower percentage of quarters with non-zero earnings compared with exiters with more education. There were no strong patterns in either the WIA adult or dislocated worker programs or the DVR and DSB programs. Exiters from the WIA youth programs were employed in fewer quarters than the participants in other programs, suggesting that age and employment may be negatively correlated.

Table 8. Percentage Employment Rate of Disabled Workforce Development Program Exiters During Analysis Period, 2007-2008 Cohort, by Program

	WIA			Division of Vocational Rehabilitation	Department of Services for the Blind
	Adults % Empl.	Dislocated Workers % Empl.	Youth % Empl.	% Empl.	% Empl.
2007-2008 Cohort Total	45.9%	63.3%	32.3%	44.1%	41.2%
Sex					
Female	47.6%	62.9%	31.2%	44.0%	42.3%
Male	43.9%	63.7%	33.0%	44.2%	40.4%
Education					
< High School	41.4%	52.6%	31.8%	44.4%	NA
High School Graduate	43.8%	66.8%	37.1%	44.6%	NA
> High School Graduate	48.6%	62.3%	*	43.5%	NA
Age					
< 21	54.3%	*	NA	42.3%	31.5%
22 to 30	54.1%	67.3%	NA	48.4%	46.1%
31 to 40	47.8%	59.4%	NA	44.6%	37.3%
41 to 50	42.4%	65.8%	NA	44.0%	52.1%
51+	42.8%	62.7%	NA	41.0%	38.7%

* Less than five observations; NA = data not available.

Duration of UI Benefit Receipt

Upjohn researchers also examined the length of time for which workforce system exiters received UI benefits. Table 9 demonstrates that, in general, UI benefit receipt durations were relatively short — on the order of 12 weeks.

There were no statistically significant differences in UI benefit duration across programs.

For four of the five groups, the average duration of UI benefit receipt increased for the 2007-2008 cohort. The differences for each of the four years were not statistically significant, though nearly so. The average duration of UI benefit receipt was calculated based on duration of all periods of UI benefit receipt from January 2005 through June 2010. Most periods of UI benefit receipt occurred after individuals received services. Since most periods of UI benefit receipt studied in these data came after program services were received, for the later cohort, a larger percentage of that time was during the recession, necessitating longer stays on UI benefits.

Table 9. Duration of UI Benefits of Workforce Development Program Exiters with a Disability, by Year of Program Exit and Program

	2005-2006		2007-2008	
	Number	Average Duration (weeks)	Number	Average Duration (weeks)
WIA				
Adults	172	11.6	126	12.5
Dislocated Workers	105	11.9	138	13.0
Youth	82	12.0	44	11.0
Division of Vocational Rehabilitation	650	12.1	722	12.8
Department of Services for the Blind	29	11.6	37	15.4

Periods of UI Benefit Receipt

Over the six-year period for which Upjohn had UI benefit data, several individuals had multiple periods of receipt. Table 10 shows the frequency distribution of periods by program and cohort. Only 10% to 20% of WIA youth, DVR, and DSB program participants had any periods (as shown in Table 1 as well). Of those that did have periods, the majority had a single period. On the other hand, about 40% to 50% of WIA adult and dislocated Worker participants had at least one period and 10% to 25% had three or more periods. The 2007-2008 cohort of WIA dislocated worker program exiters with a disability had very high rates of multiple UI periods. As explained earlier, these individuals were more likely to have the work history to qualify to receive UI benefits. When the recession hit, these individuals had difficulty staying employed and so returned repeatedly to receive UI benefits.

Employment Rates of People with Disabilities Exiting Public Workforce System Services

In order to get a sense of how well individuals with disabilities who received services from the public workforce system fared during the Great Recession, Upjohn researchers calculated employment rates for these individuals for the 2005-2006 exiters and for 2007-08 exiters.

The employment rate was calculated as the average percent of quarters out of the first eight quarters after individuals exited from their program in which they had non-zero earnings. In general, the analyses presented here are made complex by the fact that this report looks at two different cohorts of individuals who participated in Washington's workforce development system at different time periods, and thus encountered quite different labor markets after their training. The earnings data and the UI data cover exactly the same periods of time for both cohorts, but of course the individuals participated in programs at different times. This third measure attempts to examine differences in the employment experiences of the two cohorts by measuring the employment during the first two years after program exit.¹ The employment rates appear in Table 11.

Calculations of employment rates show that there were significant differences for the 2005-2006 cohort in employment after exit from services between WIA adult and dislocated worker exiters with disabilities, on the one hand, and WIA youth, DVR, and DSB exiters on the other. For 2007-2008, exiters with disabilities from WIA dislocated worker programs stood alone as having a relatively higher employment rate than the exiters of other programs. Their relatively greater levels of past work experience may have helped them find and retain employment during the recession compared with exiters from other programs.

Table 10. Frequency Distribution of UI Benefit Periods of Workforce Development Program Exiters with a Disability Employed During Analysis Period, by Program and Cohort

	Sample Size	Number of UI Periods				
		0 (%)	1 (%)	2 (%)	3 (%)	3+ (%)
Workforce Investment Act						
Adults, 2005-2006	424	59.4%	13.0%	10.6%	5.4%	11.6%
Adults, 2007-2008	328	61.6%	14.9%	7.6%	6.7%	9.2%
Dislocated Workers, 2005-2006	209	49.8%	18.2%	12.9%	5.3%	13.9%
Dislocated Workers, 2007-2008	172	19.8%	25.6%	16.9%	12.2%	25.6%
Youth, 2005-2006	512	84.0%	7.4%	3.9%	1.8%	2.9%
Youth, 2007-2008	411	89.3%	5.6%	2.2%	0.7%	2.2%
Division of Vocational Rehabilitation, 2005-2006	4,277	84.8%	5.9%	3.6%	1.4%	4.3%
Division of Vocational Rehabilitation, 2007-2008	3,563	79.7%	8.3%	4.4%	2.5%	5.1%
Department of Services for the Blind, 2005-2006	255	88.6%	5.9%	3.1%	0.4%	2.0%
Department of Services for the Blind, 2007-2008	264	86.0%	6.8%	3.4%	1.1%	2.7%

Table 11. Percentage of Workforce Development Program Exiters with a Disability Employed During Analysis Period, by Year of Program Exit and by Employment Rate Measure

	2005-2006	2007-2008
	% of Quarters Employed in First 8 Quarters after Exit	% of Quarters Employed in First 8 Quarters after Exit
WIA		
Adults	63.6%	49.8%
Dislocated Workers	66.9%	62.4%
Youth	53.9%	45.9%
Division of Vocational Rehabilitation	44.8%	49.3%
Department of Services for the Blind	43.0%	42.5%

In addition, Table 11 clearly demonstrates what one might expect: the recession made it more difficult for people with disabilities to find employment. The employment rates as measured just after program exit dropped for all three groups of WIA exiters. (The employment rate for DSB exiters also declined, but the difference was not statistically significant.) WIA adult and youth exiters experienced the greatest drops in employment rates exiters (13.8 and 8.0 percentage points, respectively). It is not clear why employment rates would have been higher for DVR exiters from 2005-2006 than for exiters from 2007-2008. It is possible that service delivery improved and more than offset the downturn in the economy. It is also possible that quality of service remained constant, but that DVR only exited the individuals from services that it judged to be most employable.

Benefit Levels and Replacement Rates

A substantial share of workers with a disability, especially those who participated in WIA adult or dislocated worker programs, received unemployment compensation. This section examines the levels of those benefits and how they compared to earnings. These comparisons yielded indicators of the replacement rates of UI benefits. Since one of the goals of the UI program is to partially replace lost earnings, this section calculates the replacement rate of UI benefits. Table 12 displays the average quarterly UI benefits for those who received benefits in a quarter and the average quarterly earnings of those individuals who received benefits. For comparison purposes, average quarterly earnings for the entire group are shown whether or not they received UI benefits.

Table 12 illustrates several things. First, note that the replacement rates for the programs and cohorts were right around 40%. This is probably an underestimate of the true replacement rates because of how they were calculated. Periods of UI receipt and employment did not always line up exactly with calendar quarters, and it is probably the case that UI durations that did not comprise the entire 13 weeks of a quarter were shorter than the employment durations that did not last 13 weeks. Nevertheless, the replacement rates were comparable across the programs and cohorts.

Second, with the exception of the DSB groups, the earnings of the individuals who received UI were considerably higher than the group average, which of course includes those individuals. This is not too surprising. The monetary eligibility requirements for UI require significant labor market attachment and earnings.

Finally, as discussed earlier, the earnings of WIA youth program exiters were far lower than the earnings of any other group of exiters, reinforcing the fact that these individuals were less likely to possess the work history to qualify for benefits.

Table 12. Average UI Benefits and Earnings of Workforce Development Program Exiters with a Disability During Analysis Period, by Program and Cohort

	Sample Size	Number with UI	Average UI Benefit	Average Earnings	Replacement Rate	Average Earnings of Group
Workforce Investment Act						
Adults, 2005-2006	424	172	\$2,026.80	\$5,358.80	37.8%	\$5,074.00
Adults, 2007-2008	328	209	\$1,853.70	\$4,729.40	39.2%	\$4,126.30
Dislocated Workers, 2005-2006	209	105	\$2,338.80	\$7,818.60	29.9%	\$7,498.50
Dislocated Workers, 2007-2008	172	138	\$2,503.20	\$7,080.30	35.4%	\$6,933.70
Youth, 2005-2006	512	82	\$1,331.10	\$3,285.70	40.5%	\$2,831.40
Youth, 2007-2008	411	44	\$1,506.40	\$2,649.00	56.9%	\$2,016.30
Division of Vocational Rehabilitation, 2005-2006	4,277	650	\$1,826.20	\$4,899.80	37.3%	\$3,850.30
Division of Vocational Rehabilitation, 2007-2008	3,563	722	\$1,804.20	\$4,519.50	39.9%	\$3,552.70
Department of Services for the Blind, 2005-2006	255	29	\$1,713.50	\$4,979.40	34.4%	\$6,278.10
Department of Services for the Blind, 2007-2008	264	37	\$1,900.20	\$5,045.50	37.7%	\$7,025.30

Conclusion

Between January 2005 and June 2010, the vast majority of individuals who participated in the Division of Vocational Rehabilitation and Department of Services for the Blind in Washington State did not appear to avail themselves of the Unemployment Insurance system. On the other hand, individuals with disabilities who received services through the Workforce Investment Act adult and dislocated worker programs had much higher incidences of receiving UI benefits. Not surprisingly, young people served by the WIA youth program did not have high rates of reciprocity of UI or high average benefits. They tended not to have enough earnings or quarters of employment.

Since the UI system is designed to insure those who are unemployed against loss of income from involuntary employment, the individuals who receive benefits from it typically have reasonably strong employment histories. As noted by this research, by both measures of labor market attachment, people with disabilities who received services from the public workforce system and had strong work histories were more likely to receive UI benefits. This finding reinforces the importance of facilitating the employment of individuals after receiving program service into jobs with a high likelihood of retention because not only will the individuals receive earnings, but also they will be more likely to receive the insurance benefit of the UI system in the event of job loss.

In looking at the demographic characteristics of the individuals with disabilities who received UI benefits, Upjohn Institute researchers found that women, low-educated individuals, and young individuals tended to be underrepresented. These groups also tended to have the lower employment rates.

The analysis of employment rates after exit from services showed clearly that the recession made it more difficult for exiters from public workforce programs with disabilities to maintain employment. The one exception, DVR, whose 2007-2008 cohort of exiters actually showed greater labor market success in the two years after exit from services than the 2005-2006 cohort, is perhaps an area for further study as to the factors that contributed to this stronger outcome.

Table 12 shows that, except for individuals in the DSB program, the average earnings of UI benefit recipients exceeded the average earnings of all program exiters, including those who did and did not receive UI benefits. That makes sense because it takes some labor force attachment and earnings levels in order to be monetarily eligible for UI. On the other hand, it demonstrates that UI may be somewhat regressive in its targeting in the sense that lower-earning individuals are less likely to receive it.

Finally, one simple measure of UI benefit adequacy is the average replacement rate, defined as the ratio of the mean level of UI benefits (conditioned on being non-zero) to the mean level of earnings (conditioned on being non-zero). During the time periods studied, this rate was approximately 40% for WIA adult and youth program exiters and for exiters of DVR programs. WIA dislocated workers and DSB-served individuals had higher levels of earnings, and their replacement rates were somewhat lower.

Endnote

1. Specifically, the eight quarters are indexed to the precise quarter in which individuals exited. So if an individual in the 2005-2006 cohort exited in the third quarter of calendar year 2005, the eight quarters would comprise 2005:q4 to 2007:q3. If an individual exited in the second quarter of 2006, then the eight quarters would run from 2006:q3 to 2008:q2. In general, the flow of exiters was evenly distributed across the four quarters within a cohort.

References

Bureau of Labor Statistics. (2010). *Unemployment level. Labor Force Statistics from the Current Population Survey*. Retrieved from <http://data.bls.gov/cgi-bin/surveymost?ln>. Washington, D.C.: U.S. Department of Labor.

Chase, R.A. (2007). *Unemployment insurance in Washington state: Factors associated with benefit recipiency*. Prepared for Washington State Employment Security Department Unemployment Insurance Division.

Kaye, H.S. (2010). The impact of the 2007-09 recession on workers with disabilities. *Monthly Labor Review*. Washington D.C.: U.S. Department of Labor

National Bureau of Economic Research. (2010). *Business Cycle Dating Committee, National Bureau of Economic Research*. September 20. Retrieved from <http://www.nber.org/cycles/sept2010.html>. Washington, D.C.: Author.

Rampell, C. (2009). The Great Recession: An etymology. *The New York Times' Economix Blog*. Retrieved from <http://economix.blogs.nytimes.com/2009/03/11/great-recession-a-brief-etymology/>.

U.S. Department of Labor. (2011). *Unemployment insurance*. Retrieved from <http://www.dol.gov/dol/topic/unemployment-insurance/>. Washington, D.C.: Author.

About ODEP

The Office of Disability Employment Policy (ODEP) provides national leadership on disability employment policy by developing and influencing the use of evidence-based disability employment policies and practices, building collaborative partnerships, and delivering authoritative and credible data on employment of people with disabilities.

About the NTAR Leadership Center

Founded in 2007 under a grant/contract with the Office of Disability Employment Policy at the U.S. Department of Labor, the NTAR Leadership Center's mission is to build capacity and leadership at the federal, state, and local levels to enable change across workforce development and disability-specific systems that will increase employment and economic self-sufficiency for adults with disabilities.

This report was published by the NTAR Leadership Center, funded by a grant/contract from the U.S. Department of Labor, Office of Disability Employment Policy (Number OD-16563-07-75-4-34). The opinions expressed herein do not necessarily reflect the position of policy of the U.S. Department of Labor. Nor does mention of trade names, commercial products, or organizations imply the endorsement of the U.S. Department of Labor.

Rutgers, The State University of New Jersey is an equal opportunity/affirmative action institution providing access to education and employment without regard to age, race, color, national origin, gender, religion, sexual orientation, veteran's status, political affiliation, or disability. If special accommodations or language translation are needed, contact (732) 932-4100, x6330.

