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Upcoming Changes to DDD's Policy on Funding of Sheltered Workshops

The Division of Developmental Disabilities (DDD) has begun to phase-out funding for services provided in sheltered workshop settings (also referred to as "extended employment" or "sheltered employment"). As part of the first phase of this reform, the Supports Program, a new program in development at DDD that is expected to begin in FY2014, will not provide funding for services in these settings. Additionally, funding for these services will be phased-out of DDD's Community Care Waiver (CCW) over the next twelve to eighteen months.

1. Rationale for the Policy Change: There are several compelling arguments for ceasing DDD funding for workshops.

- **Making "Employment First" Real:** New Jersey became an *Employment First* state in April of 2012, meaning that "competitive employment in the general workforce is the first and preferred post education outcome for people with any type of disability." This policy shift clearly aligns with the national movement toward improving employment outcomes for people with disabilities and is critical to the State's ability to make meaningful change in employment outcomes for people with developmental disabilities. A recent report published by the Institute for Community Inclusion (ICI) indicates that only 14% of individuals served by NJ's DDD are served in integrated community employment services. This figure is well below even the low national average of 20%. Washington State, which discontinued its public funding of sheltered employment in 2006 in favor of job placement expectations in the workforce for all individuals with disabilities, now has the highest percentage of individuals in integrated employment services – at 89%. Given the success being experienced in other states in terms of community employment services, it is clear by these figures that there is plenty of opportunity for New Jersey to reduce its reliance on facility-based employment programs, and increase the number of individuals in community employment. Not allowing the use of sheltered workshops as part of pre-vocational services is a step towards shifting the figures in New Jersey towards becoming one of the national leaders in community employment services.
- **Federal Guidelines & Funding Limitations:** In September 2011, the federal Centers for Medicare and Medicaid Services (CMS) issued guidance which stated that Medicaid waiver funding may not be used for vocational services delivered in facility based or sheltered work settings, where individuals are supervised for the primary purpose of producing goods or performing services. In addition, they clarified that prevocational services must be time limited, conform to specific requirements regarding clear employment goals, and may not consist of vocational services in sheltered workshops and similar settings. The U.S. Department of Justice (DOJ) has also recently stated its belief that Olmstead applies to employment and that placement in a sheltered workshop and similar facilities may be a violation of Olmstead. Finally, the DOJ Civil Rights Division has been increasingly vocal regarding the obligation of states to support individuals to succeed in community employment and have come out with statements or taken some form of action on the subject in four states already.
- **The Voices of People with Developmental Disabilities:** The most prominent self advocacy organization on the national level for people with developmental disabilities, Self Advocates Becoming Empowered (SABE), has specifically called for the closure of sheltered workshops. They state clearly and unequivocally: **"We have been prepared enough. Get us real jobs. Close sheltered workshops."**

2. **Misperceptions about this Policy Change:** The following are some common misperceptions about this upcoming change in DDD's policy.

- *“People who are currently attending sheltered workshop programs will have no place to go and nothing to do once the funding for this service ends.”*

Fact: People currently attending sheltered workshop programs will be able to access a wide array of other supports and services in lieu of sheltered workshops. In fact, DDD has begun to significantly expand its employment-related services. For example, Supported Employment, Prevocational Training, and Career Planning services will be available to assist individuals who are currently in the sheltered workshops to identify career paths and job matches and find and maintain employment. In addition Community-Based Supports, Community Inclusion Services, and Day Habilitation services are among the other supports and services that will be available for individuals who are currently in sheltered workshops. These additional day services and supports, which can be utilized to supplement gaps in supports and services during times when someone may not be working or is unable to pursue employment, can also assist in maintaining the social relationships that have been established at the workshops, provide support in accessing one's neighborhood, and provide education and training to acquire skills and experience to increase participation in the community.

- *“Providers who currently run sheltered workshops are going to go out of business without this funding.”*

Fact: While sheltered workshop providers may have to “unbundle” their current services and/or adjust their service delivery model, many of the services and supports that will be funded through DDD are already being provided under the umbrella of a sheltered workshop. In fact, group placements and mobile work crews that provide services to businesses in the community can continue to be funded as Supported Employment (Small Group Employment Support) services; educational and work experiences geared toward the development of “soft” skills (i.e. following directions, communicating with supervisors/co-workers/customers, basic computer skills, etc.) can continue to be funded as Prevocational Training services; and the supports needed to assist someone in identifying a career direction and developing a plan to achieve competitive employment in the general workforce can continue to be funded as Career Planning services.

- *“Sheltered workshops are going to shut down suddenly.”*

Fact: DDD funding for sheltered workshops will end gradually and in three phases, beginning with people who are newly entering the DD system, continuing with individuals as they are rolled into the Supports Program during FY2014, and ending with individuals on the Community Care Waiver (CCW). This process will provide transition time for sheltered workshop providers to convert their business models. Additionally, DDD is not the only (or the primary) source of funding for sheltered workshops in the State. Providers can continue to access other resources to continue these services.

- *“Sheltered workshops prepare people with disabilities for competitive employment in the general workforce.”*

Fact: There is increasing evidence regarding the lack of efficacy of sheltered workshops in preparing individuals for employment in the community. In their 2012 report on Subminimum Wage and Supported Employment, the National Council on Disability noted that “according to the 2001 investigation by the Government Accountability Office (GAO)... only approximately 5% of sheltered workshop employees left to take a job in the community” and that “[r]esearch indicates that those who had previously been in sheltered workshops had higher support costs and lower wages than comparable individuals who had never been in sheltered workshop settings.”

- *“Workshops are a more cost-efficient way of providing transitional employment experiences for people with disabilities”*

Fact: Although sheltered workshop providers are understandably worried about this reform, according to a 2001 national research study, “[r]esearch indicates that although the process is often difficult, successful conversion results in people with disabilities being happier and receiving better services, agencies having better community and employment relations, increased staff satisfaction, and more cost efficient services.”