

Analysis of the Study:

Reasonable Accommodation and Sheltered Workshops for People with Disabilities: Costs and Returns of Investments

In January 2015 the European Parliament published a [study](#) that aims to provide the Employment and Social Affairs Committee (EMPL) with an overview of developments on costs and returns of investments for reasonable accommodation, sheltered workshops and labour policies for people with disabilities. This study provides an overview of the policy measures in place to encourage and support the employment of people with disabilities in regards to their cost efficiency.

Costs and returns of investments consist of the costs associated with the intervention, their effects (the extent to which the objectives have been achieved), and their benefits (the monetary value of the effects) – this may include intangible benefits such as quality of life as well as financial returns.

It is important to note that neither costs nor benefits are necessarily 'financial', but they must be converted into monetary units. The scope of the analysis was to examine each case study's impact on the employment of disabled individuals who would otherwise have remained unemployed. As such, the benefit of each programme was assessed in two ways: first, by looking at its effectiveness in terms of getting unemployed disabled people into employment; and secondly by valuing this gain.

Key points

- The lack of common definitions and data has repeatedly led to difficulties in evaluating and comparing results.
- The analysis focuses on five main areas: sheltered workshops; reasonable accommodations; alternative labour market policies; Universal Design; and the impact of the ESF.
- Transitional workshops, if effective at getting people into employment in the open labour market, are likely to be more cost beneficial than the traditional model.
- Reasonable accommodation results in a number of measurable benefits to the employer, but should gradually become redundant with the implementation of Universal Design.
- All Member States offer passive labour market services in some respect. The analysis has found that the most effective for increasing the employment rate of disabled people are legislative obligations towards a quota backed by effective sanctions.
- It is difficult to assess the impact of the ESF projects, but it can be stated that only 14 Member States used ESF budget to actually support employment of people with disabilities.



SHELTERED WORKSHOPS

Traditional sheltered workshops

- Value created from sheltered workshop employment is outweighed by the costs of its operation **From a purely financial perspective, they do not deliver a net positive return on investment for governments.**
- May only benefit sheltered employees marginally (based on the assumption that they would have received welfare payments without the programme).
- **No economic analysis has yet taken into account the intangible benefits** that are likely to result from becoming employed, such as improved quality of life and confidence as a result of being employed.

Transitional workshops

- Increasing focus on Vocational Education and Training.
- If effective at getting people into employment in the open labour market are likely to be **more cost beneficial than the traditional model.**
- **Initial costs may be higher, but these are short-term and eventual open labour market employment is cost-beneficial to society.**
- **People with disabilities tend to express a preference** for open labour market employment.
- Only **3% of people** in transitional sheltered workshops move on to the open labour market.
- For those individuals whose disabilities are so severe that they have no opportunity to achieve open labour market employment and particularly for those who would otherwise require care during the day, **traditional sheltered workshops may be a cost-beneficial option.**
- For individuals who have the potential to **access open labour market employment, however, programmes that enable this are likely to be more cost-beneficial.**

REASONABLE ACCOMMODATIONS

- The costs and returns of investment for reasonable accommodation for people with disabilities are difficult to establish.
- Due to the **individual nature of many reasonable accommodations, no robust study** was found.
- The concept that the accommodation must not impose a **disproportionate burden on the employer is not uniformly understood nor comprehensively defined in the majority of Member States' legislation**, which creates severe difficulties in the implementation.
- Research suggests that public grants and investments into reasonable accommodation partly stem from the realisation that there is some worth in **encouraging employers to provide it, rather than rely on a repressive approach.**
- An example supporting the claim that public money invested in reasonable accommodation is likely to be beneficial, is the **UK's Access to Work** programme. It supported 37,300 persons with disabilities, an estimated 45 % of whom would otherwise be unemployed.
- Reasonable accommodation resulted in a number of **measurable benefits to the employer.** These included **increased productivity, lower operational costs, improved competitiveness and improved awareness among disabled employees of the company's values and standards.**
- Despite the need for further research, evidence suggests that **investments in reasonable accommodation are cost beneficial** and provide a return in terms of increased productivity and reduced absenteeism.



ALTERNATIVE LABOUR MARKET SERVICES

- Data for alternative labour market services are not disaggregated for people with disabilities making any analysis of the provision of these services difficult.
- Cost-benefit analyses conducted have shown that well designed and managed active labour market policies are likely to be cost-beneficial.
 - o Partly because they involve an initial investment in training support for workers rather than requiring ongoing support.
- All Member States offer **passive labour market services** in some respect. The main delivery mechanisms for these are the disability benefit schemes.
- Although a more generous welfare system does not act as a disincentive for people with disabilities looking to participate in the open labour market,
 - o Benefits can risk being overly generous; too easily accessible for those who should not qualify; and result in a **benefit trap**.
- The analysis has found that legislative obligations towards a **quota backed by effective sanctions are the most effective for increasing the employment rate of disabled people**.
 - o Example of Germany's quota system found that the probability for people with disabilities of being employed increased between 2.2 % and 3.5 % following legislative changes to the quota system.
- The analysis has demonstrated that the introduction of **anti-discrimination legislation** in the UK in 1995 led to an observed employment rate of 25.1 % compared with a counterfactual employment rate of 17.1 % had the Act had not been passed.
- These types of measures are extremely interesting as their **cost to the tax payer** is almost non-existent and they appear to have wide-ranging benefits. The mainstreaming of people with disabilities is an additional advantage of those policies, creating a system which breaks down barriers to their employability.
- Some of the policies appear to have a **negative motivational impact** on people with disabilities.
 - o Policies such as **wage subsidies or tax breaks appear to have obtained mixed results**.
 - o Other negative effects of wage subsidies and quotas include the **stigmatisation of a group or population in the workplace** (i.e. the feeling that a person has gained employment solely as result of their disability).

EUROPEAN SOCIAL FUNDS (ESF)

- It is **difficult to fully assess the impact of the ESF projects** in promoting the participation and increasing the integration of people with disabilities in the open labour market.
 - o The countries which pledged the largest amount for activities in which people with disabilities can participate were the UK, France, Spain and Italy.
 - o Furthermore, Ireland, Denmark, Luxembourg & the UK pledged the largest proportion of their ESF budget for activities that might support this target group.
 - o However only 14 Member States actually undertook concrete measures to support employment of people with disabilities.
- A number of the success stories, best practice examples and examples used in this study to assess the cost-benefit ratio of interventions have been funded by ESF. These projects often have an effect which is longer lasting than the intervention itself.
- Several factors affect the reporting of ESF support afforded to people with disabilities. These include **inconsistent collection of data; inconsistent definitions across both Member States and**



operational programmes; poor indicators for specific target groups; and data protection legislation regarding data collection on specific target groups.

RECOMMENDATIONS

The recommendations provided by the analysis include the development of **clear and comparable definitions** to foster comparable data and research. Also, the Parliament could encourage efforts to ensure that all Member States clarify the concept of disproportionate burden in the context of reasonable accommodation. This would allow the impact of the measures to be more easily compared.

The European Parliament could encourage **further research**, in particular robust scientific studies and Randomised Control Trials to collect data and identify measures that have specific impacts.

Also, **best practices** need to be **documented and shared**. This can be done by the organisations themselves, or be built in the monitoring and evaluation mechanisms of their activities.

Encouraging the **use of a social model of disability** definition as opposed to a medical one, would have the advantage of fostering innovation in the field of Universal Design, ultimately helping to share the costs of adaptations to be made through society as a whole rather than simply by employers or governments. This would in turn possibly help the sharing of best practices and policies targeted at different groups.

