

Summary

From sheltered employment to Participation Act

How have people on the waiting list for sheltered employment fared?

Tussenrapportage

Klarita Sadiraj

Stella Hoff

Maroesjka Versantvoort

Original title:

Van sociale werkvoorziening naar Participatiewet

978 90 377 0880 6

The Netherlands Institute for Social Research

The Hague, September 2018

Summary and conclusions

Although the number of people in work in the Netherlands has recovered strongly since the economic recession in 2008-2013, there is also a large group of people who fail to find work. The government's avowed aim is an inclusive society, in which everyone has an opportunity to participate. This means that people with a work-limiting disability should also participate in the labour process as far as possible, preferably with a mainstream employer. One of the instruments developed to achieve this aim is the Participation Act (Participatiewet). The Act is aimed at everyone who has some capacity to work but who, due to a work-limiting disability or other reason, needs support in finding employment. The Act sets out the frameworks for this support, while local authorities have the freedom to determine how they wish to guide these people into work and which instruments they deploy to this end. The Netherlands Institute for Social Research (SCP) was asked to evaluate the effectiveness of the Participation Act and in doing so to devote attention to the different groups covered by the Act.

This report focuses on people who fall into the target group of the Sheltered Employment Act (*Wet sociale werkvoorziening - Wsw*) and the consequences of the Participation Act for them. By 'target group of the Sheltered Employment Act' we mean people with physical, intellectual or mental disabilities who prior to the implementation of the Participation Act were able to find adapted employment in sheltered working environments. The implementation of the Participation Act blocked access to sheltered employment under the Wsw for new entrants, restricting access to those already in a 'Wsw job'. Those who were on the waiting list for a Wsw job at the end of December 2014 lost their referral to this type of employment when the Participation Act came into force. This affected more than 11,000 people, who now fall into the target group for the Participation Act. They are eligible for financial and other support from the local authority (or from the Employee Insurance Administration Agency [UWV] if they are receiving young person's disability benefit [Wajong benefit]) in finding work with a mainstream employer or a local authority-sponsored sheltered workplace.

5.1 Research question and approach

In this study we explore the impact of the Participation Act on the Wsw target group in terms of employment chances and benefit dependency. This report covers the first two years after the introduction of the Participation Act (2015 and 2016); the final report (to be published in 2019) will include data for later years. In the final report, we also look at the impact on other groups (recipients of Wajong benefit, recipients of 'classic' social assistance benefit and people not entitled to social assistance benefit). And we then also consider other aspects of the Participation Act, such as the policy theory underlying the Act and the relationship between the 'strictness' of local authority policy regarding the obligation

to work of people who fall under the Act on the one hand, and the employment chances of these people on the other. As stated, this interim report looks only at the employment chances of people in the Wsw target group in the first two years following the implementation of the Participation Act.

Ideally, we would monitor people who would have been eligible for sheltered employment under the Wsw if the Participation Act had not been implemented, but who were barred access following its implementation, and examine how their employment chances and benefit dependency have developed since 2015. In practice, however, it is no longer easy to identify this group since the ending of the system of Wsw referrals, which formerly set this group apart. What we can do is monitor people who had a Wsw referral and were on the waiting list for a placement immediately before the introduction of the Participation Act. This study shows that they have similar background characteristics to people who became eligible for sheltered employment under the Wsw from 2010 onwards; they can therefore be regarded as a proxy for the later cohorts of people with a work-limiting disability who would previously have been eligible for a Wsw referral. Investigating the consequences of the introduction of the Participation Act for this group provides information on how the Act is working. To do this we compared the employment chances and benefit dependency of people who were at the end of 2014 on the Wsw waiting list and lost their entitlement to this form of sheltered employment on the introduction of the Participation Act, to the employment chances and benefit dependency of three other groups:

- 1 people who were in Wsw sheltered employment at the end of 2014: the ‘Wsw workers’;
- 2 people who were on the Wsw waiting list at the end of earlier years (2010-2013);
- 3 people who were receiving the same benefit as those on the waiting list but who did not have a Wsw referral (trends since 2010).

1. The comparison with the ‘Wsw workers’ (group 1) provides a general picture of the trend in the employment chances and benefit dependency of people with a disability who were barred access to sheltered employment and whose Wsw referral was converted into an entry in the ‘target group register’. This development is viewed against the backdrop of the employment chances and benefit dependency of people who were already in Wsw sheltered employment when the Participation Act came into force.

2. The comparison with earlier cohorts of people on the Wsw waiting list (group 2) is an impact measurement. We investigated to what extent people who were on the Wsw waiting list at the end of 2014 differ in terms of their chance of finding work in the two subsequent years (in which they moved from the Wsw to the Participation Act) from people who were on the Wsw waiting list at the end of 2010, 2011, 2012 or 2013 and were not affected by the Participation Act.

In making this comparison we corrected for differences in the composition of the groups and for economic developments. This gave us reasonable assurance that the findings were not due to factors such as changes in the age profile or in the employment rate. Any differ-

ences in trends in employment chances and benefit dependency between people on the waiting list in 2014 and those on the waiting lists in earlier years therefore suggest a 'Participation Act effect'.

3. The comparison with group 3 is also an impact measurement. It focuses on people who were on social assistance benefits when they moved on to the waiting list and on those who were receiving young person's disability benefit (Wajong benefit). We compare social assistance benefit claimants who were on the Wsw waiting list with comparable social assistance benefit claimants who were not. We draw the same comparison for recipients of Wajong benefit, between those who were and were not on the Wsw waiting list. In both cases, we look at the differences in the employment chances of the two groups and at any changes in those differences over time. By comparing the trend for the different waiting list cohorts with the trend for the cohorts of benefit claimants not on the waiting list, we are able to see whether there is a trend break among those on the waiting list which does not occur among those without a Wsw referral. Such a trend break in employment chances after introduction of the Participation Act would again suggest a 'Participation Act effect'. In making these calculations, we again corrected for variation in the development of the composition of the groups and for macroeconomic developments.

S.2 Findings

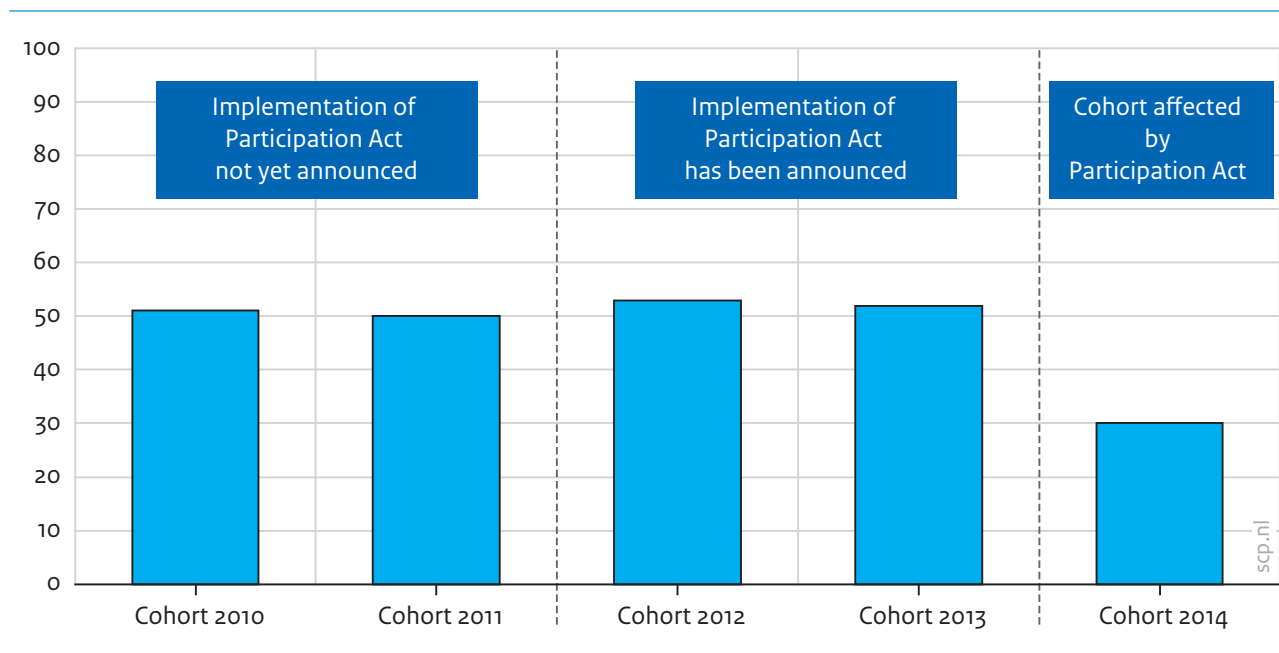
Chance of finding (permanent) employment

Comparison with Wsw workers is effectively a comparison with people in a relatively privileged position. A Wsw sheltered employment placement is generally permanent, with a salary that is at least equal to the minimum wage and on terms of employment that are set out in a specific Collective Labour Agreement. This is reflected in the data, which show that 90-95% of people who were in Wsw sheltered employment at the end of 2014 were still working a year later. Of those who were on the Wsw waiting list at the end of 2014, 17% found a job during the following year. This increased slightly in the second year, to 21%.

The second calculation, which compared people on the Wsw waiting list in December 2014 with comparable cohorts from earlier years, shows that losing the Wsw referral greatly reduces the chance of finding work: the chance of finding a job in the subsequent two years falls from 51% for those on the waiting list in 2010 to 30% for those on the 2014 waiting list (see figure S.1). Almost a third (32%) of this latter group ended up in temporary or on-call work. Men, young people aged up to 25 and Dutch natives have the best chance of finding work; those aged over 55, people with a migration background and people with mental disabilities have a relatively low chance.

Figure S.1

Chance of finding work in first and/or second following year, people on Wsw sheltered employment waiting list, 2010-2014 (in adjusted percentages)



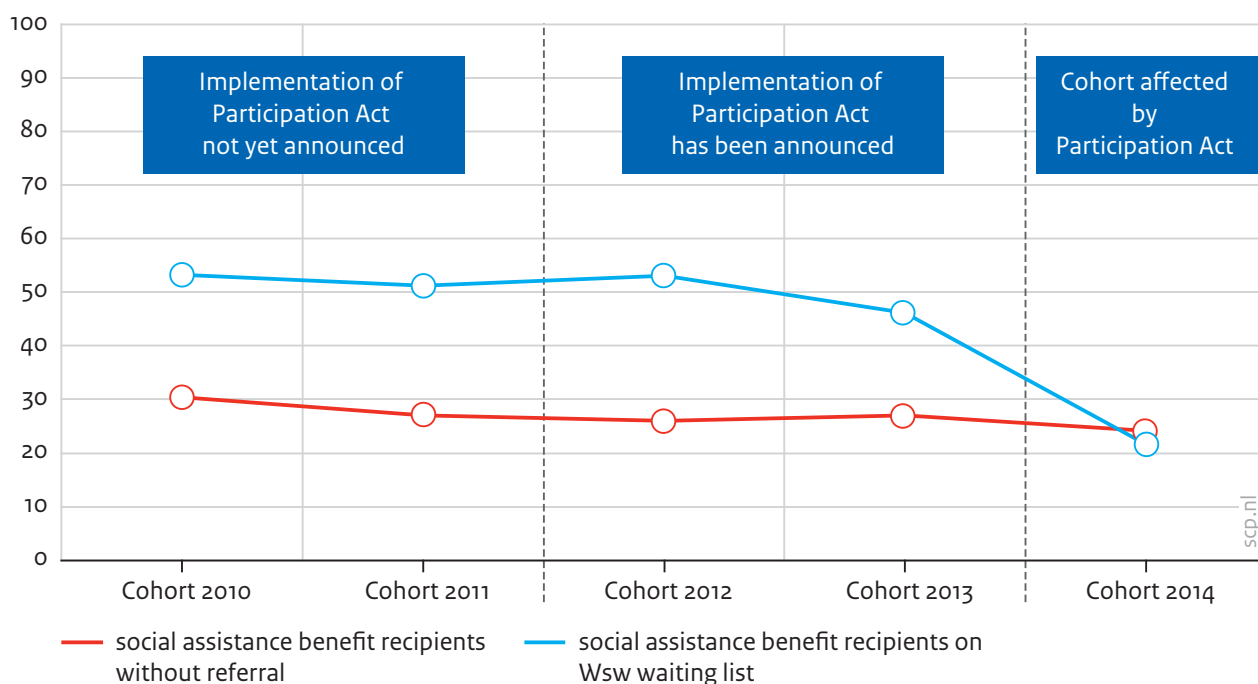
It is not just the chance of finding work that is substantially smaller for the 2014 cohort, but also the chance of retaining that work. The share of jobs lasting at least one year initially rises sharply, from 65% in the 2010 cohort to 77% in the 2013 cohort. This is probably because sheltered employment providers, in the run-up to the introduction of the Participation Act, were keen to help those who had found Wsw placements to retain their jobs. However, the share of long-term placements in the 2014 cohort is well below the old level, at just 51% of jobs found.

Employment chances of social assistance benefit recipients on the waiting list

More than half those on the Wsw waiting list were in receipt of social assistance benefit on joining the list. The third calculation we used to determine the effects of the Participation Act involved comparing the employment chances of benefit recipients on the Wsw waiting list, i.e. with a Wsw referral, with those of benefit recipients without such a referral. This comparison shows that the chance of finding work is lower for people with a Wsw referral after the introduction of the Participation Act than it is for those without a referral (22% versus 24%). By contrast, before the introduction of the Act the employment chances of benefit recipients with a Wsw referral were substantially higher than those of people without a referral (around 50% versus just under 30%). The better employment chances of the earlier waiting list cohorts is thus reversed after 2014 and is now two percentage points lower than that of those without a referral (see figure S.2). The fact that all those on the waiting list were entered in the target group register and, like the recipients of Wajong benefit, were given precedence for job placement under the 'jobs contract' with the government was not enough to counter this decline in employment chances.

Figure S.2

Chance of finding work in first and/or second following year, social assistance benefit recipients with and without referral to Wsw sheltered employment, 2010-2014 (in adjusted percentages)



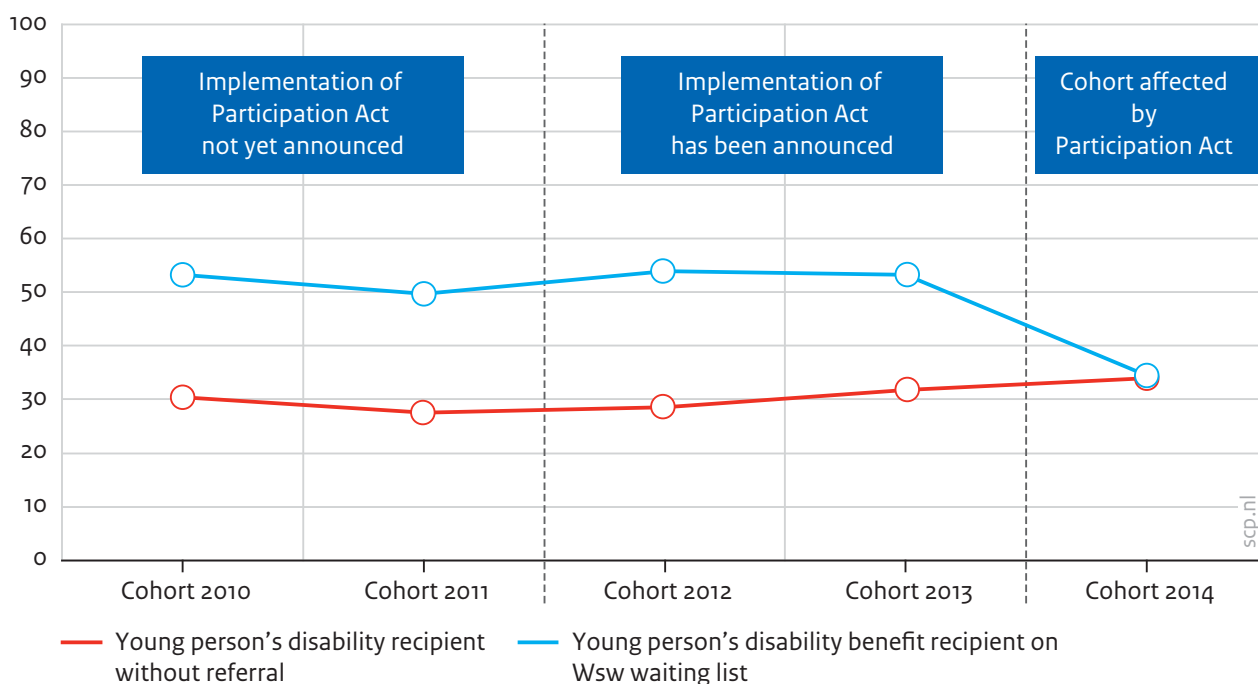
As regards the permanence of the jobs found, social assistance benefit recipients on the waiting list exhibit a similar pattern to the total group on the Wsw waiting list: the share of jobs found by the 2010-2013 cohorts lasting for at least one year increases (from 62% to 79% long-term jobs), before falling back in the 2014 cohort. The damage within this group is limited, however: the share of permanent jobs is virtually the same (61%) as in the 2010 cohort.

Employment chances of Wajong benefit recipients on the waiting list

Just under 20% of those on the Wsw waiting list were in receipt of Wajong benefit when they were placed on the list. This subgroup was compared with Wajong benefit recipients who did not have a Wsw referral (akin to the comparison of social assistance benefit recipients with and without a Wsw referral). Throughout almost the entire period concerned, Wajong benefit recipients on the Wsw waiting list had a better chance of finding work in the subsequent two years than their counterparts without a Wsw referral: just over 50% and around 30%, respectively, found a job during the next two years. The situation is different for the 2014 cohort: only 35% of those on the waiting list found jobs, while among Wajong benefit recipients without a Wsw referral the figure actually rose slightly, to 34%. While the 2010 waiting list cohort had a considerably better chance of finding work than the 'classic' Wajong benefit recipients, therefore, in the 2014 cohort the employment chances of both groups are broadly similar (see figure S.3).

Figure S.3

Chance of finding work in first and/or second following year, young person's disability benefit recipients with and without referral to Wsw sheltered employment, 2010-2014 (in adjusted percentages)



Use of reintegration programmes

For those who are unable to find a job by their own efforts, the local authority or the Employee Insurance Administration Agency (Uwv) can set up a reintegration programme. However, the number of people on the waiting list following reintegration programmes fell sharply over the period studied, from over 45% of the 2010 waiting list cohort who were following a programme in the following year to barely more than 20% of those on the waiting list at the end of 2013. More seems to have been invested in reintegration support for those on the waiting list at the end of 2014: almost a quarter of them were following a programme in the next year. This is not reflected in an increased chance of finding work, however: the percentage of those on these programmes finding work fell from around 50% (2010-2013 cohorts) to 36% (2014 cohort).

The same pattern is found in the subgroups of social assistance benefit recipients and Wajong benefit recipients with a Wsw referral. The percentage following reintegration programmes initially declined but increased again in the 2014 cohort. This increase is fairly small among social assistance benefit recipients (from 51% to 56%), but more pronounced among those on Wajong benefit (from 23% to 35%). However, in both subgroups the employment chances of people following a reintegration programme reduced after the implementation of the Participation Act.

Benefit dependency among job-finders

If we look at people on the waiting list who were in work in both subsequent years, we find that members of the 2014 cohort who found jobs are slightly more often simultaneously receiving benefits (63%) than job-finders from the earlier cohorts (between 58% and 60%). The percentage combining work with a Wajong benefit, in particular, has increased, from 20-22% for the earlier cohorts to 26% for the 2014 cohort. The share of those in work and also receiving social assistance benefit fluctuates around 17% over the whole of the period studied.

The findings for the two subgroups on the waiting list who received a Wsw referral whilst receiving social assistance or Wajong benefit support this general picture. Benefit dependency is particularly high among Wajong benefit recipients who found work: between 88% and 95% of them are also in receipt of benefits. This is probably due to wage dispensation: employers are able to pay a lower salary to less productive workers, which is then topped up with benefits to the statutory minimum wage. After a slight reduction in the share of people combining work and benefits in the 2011-2013 cohorts, the figure rose sharply again in the 2014 cohort, to 99%.

This pattern is even clearer among those entering the Wsw waiting list whilst receiving social assistance benefits: where the percentage of those finding work whilst also receiving social assistance benefits was just under half in the 2010 cohort, this had fallen to around 40% in the 2013 cohort; this downward trend was reversed for the 2014 cohort, with the share of people combining work and benefits rising sharply to 56%. The fact that this percentage is so much lower than among those on Wajong benefit may be due to the fact that under the Participation Act, employers of these workers are eligible for wage cost subsidies rather than wage dispensation. Combined with their wages, this can give people sufficient income to lift them out of social assistance benefit.

5.3 Conclusions

People who were on the waiting list for a Wsw sheltered employment placement at the end of 2014 were definitely affected by the introduction of the Participation Act. The chance of finding work over the next two years was much smaller than that of earlier waiting-list cohorts. This was because of the decision to close off access to Wsw sheltered employment simultaneously with the implementation of the Participation Act, effectively ending this form of sheltered employment for people on the waiting list.

For most people on the waiting list at the end of 2014, finding work did not mean they moved off benefits. If anything, the opposite is the case: the share of working people receiving benefits actually increased. One partial explanation may lie in the increased share of working people in flexible jobs; the share of the 2014 cohort in temporary or on-call jobs rose from just a few percent in earlier years to around 30%. This makes it more likely that they will have to continue topping up their income from employment with benefits.

A further factor is that most of the people who find work are not able to earn the statutory minimum wage and therefore have their income from employment topped up with Wajong or social assistance benefit.

The government has expressed a desire for more people with a work-limiting disability to be in work. The findings of this study show that this goal has not been achieved in the first years following the introduction of the Participation Act; people who lost their Wsw referral for sheltered employment now have a lower chance of finding work than in the old situation.

It should be noted, however, that this measurement relates only to the first two years after the introduction of the Participation Act, and only covers those who fell under the Sheltered Employment Act (Wsw). The Participation Act is work in progress: its introduction faced local authorities with new responsibilities, new target groups and new working processes. In the final report of the evaluation of the Participation Act, scheduled for publication at the end of 2019, we will update the figures on the labour force participation and benefit dependency of this group and also look at the other target groups of the Participation Act. Local authorities will then also have had a longer period to get used to their new responsibilities and tasks.