

Economic Impact of the Employment Works Program

Prepared for
Maryland Works

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1.0 Executive Summary

Maryland Works (MDW) tasked the Regional Economic Studies Institute with estimating the economic and fiscal impact of the Employment Works Program (EWP), a competitive integrated employment program for individuals with disabilities. This report will provide an overview of RESI's major findings to date.

The Americans with Disability Act (ADA) defines a disability as a mental or physical impairment that substantially limits one or more major life activities.¹ In Maryland, approximately 22 percent of the population has a disability.^{2,3} That is roughly over one million adults living within the state impacted by a disability.⁴ In 2019, the U.S. Bureau of Labor Statistics (BLS) found that 79 percent of individuals with a disability were unemployed due to their disability.⁵ Other barriers such as lack of transportation, education, training, adaptive equipment, career counseling, perceived employer/colleague attitudes, income, and asset limits for public benefits programs were also reported as obstacles to employment.^{6,7}

In 2019, people with disabilities comprised 5 percent of Maryland's labor force.⁸ That same year, approximately half (156,896 individuals) of the state's population with a disability aged 18-64 were employed either full or part time.⁹ Labor force participation varies across disability subgroups, with individuals who are deaf or hard-of-hearing more likely to be working compared to those with cognitive and/or ambulatory disabilities.¹⁰ The CDC has reported that

¹ "ADA Best Practices Tool Kit for State and Local Governments, ADA Basics: Statue and Regulations," United States Department of Justice Civil Rights Division, accessed August 23, 2023, <https://archive.ada.gov/pccatoolkit/chap1toolkit.htm#Anchor-642-3800>.

² Centers for Disease Control and Prevention, "Disability Impacts Maryland," 1, accessed August 23, 2023, https://www.cdc.gov/ncbddd/disabilityandhealth/impacts/pdfs/Maryland_Disability.pdf.

³ "Disability and Health Data System, Comparison Report," Centers for Disease Control and Prevention, accessed August 23, 2023, <https://dhds.cdc.gov/CR?ReportType=Years&LocationId=24&StratCatId=&YearId=RECENT&CompareColumns=YR6,YR5,YR4,YR3,YR2&ShowCategoryIds=DISEST&SearchString=&ShowReportOptions=false&CategoryFilterId=&StratFilterId=&ShowCI=true&ShowWN=true&HideMissingDataRows=false>.

⁴ Centers for Disease Control and Prevention, "Disability Impacts Maryland."

⁵ "America's Recovery: Labor Market Characteristics of People with a Disability," United States Bureau of Labor Statistics, accessed August 23, 2023, <https://www.bls.gov/spotlight/2021/labor-market-characteristics-of-people-with-a-disability/home.htm>.

⁶ "America's Recovery: Labor Market Characteristics of People with a Disability, 2022" United States Bureau of Labor Statistics, accessed August 23, 2023, <https://www.bls.gov/spotlight/2021/labor-market-characteristics-of-people-with-a-disability/home.htm>.

⁷ United For ALICE, "ALICE in Focus, Financial Hardship Among People with Disabilities: Maryland," 6, accessed August 23, 2023, <http://www.unitedforalice.org/Attachments/ALICEInFocus/ALICE-in-Focus-Disabilities-Maryland.pdf>.

⁸ "New Research: 50 Percent of People with Disabilities in Maryland are Living in Financial Hardship," United Way of Central Maryland, last modified July 26, 2022, accessed August 23, 2023, <https://www.uwcm.org/blog/stories/new-research-50-percent-people-disabilities-maryland-are-living-financial-hardship>.

⁹ United For ALICE, "ALICE in Focus, Financial Hardship Among People with Disabilities: Maryland," 5.

¹⁰ United For ALICE, "ALICE in Focus, Financial Hardship Among People with Disabilities: Maryland," 6.

people with disabilities earn \$15,000 less in income compared to their peers without disabilities.¹¹

Data from the U.S. Census Bureau's American Community Survey show that from 2016 to 2020, the median annual wages for workers with disabilities in Maryland was \$31,889 compared to \$46,879 for those without disabilities.¹² Notably, Maryland ranked among the top five states with the highest average salary earnings for workers with disabilities.¹³ Disparities in wages based on gender also impacted the earning of individuals with disabilities, as men with a disability earned an annual average of \$36,426, compared to just \$28,427 for women with a disability.¹⁴

In 2022, unemployment rates were slightly higher for men with disabilities at 7.8 percent compared to women with disabilities at 7.4 percent.¹⁵ Unemployment rates were also higher for individuals with a disability who were Black (12.3 percent) and Hispanic (9.6 percent) compared to their White (6.6 percent) and Asian (6.8 percent) peers.¹⁶ Data from the BLS also revealed that roughly 80 percent of individuals with a disability were not in the labor force.¹⁷ It is reported that the disproportionate representation of older age groups amongst individuals with a disability contributes to their lower participation in the labor force.¹⁸

In recent years, there has been a significant effort to lessen the disparity for individuals with disabilities in the labor force.¹⁹ Inclusion programs aim to identify and remove common barriers, dispel misconceptions, and provide reasonable accommodations to individuals living with a disability.²⁰ Employment programs can further increase employment opportunities and positive outcomes for clients served, offer competitive employment opportunities, and provide transitional post-secondary employment for students transitioning from special education.²¹

Competitive integrated employment gives people with disabilities the opportunity to work alongside people with and without disabilities, earn at least minimum wage, and have equal opportunities for raises and promotions as people without disabilities.²² The goal of the EWP is

¹¹ "Disability Inclusion," Centers for Disease Control and Prevention, last modified September 16, 2020, accessed August 23, 2023, <https://www.cdc.gov/ncbddd/disabilityandhealth/disability-inclusion.html>.

¹² "Median Annual Earnings Map, How Do Median Annual Earnings for Workers with Disabilities Vary by State?" United States Department of Labor, last modified December 22, 2022, accessed August 23, 2023, <https://www.dol.gov/agencies/odep/research-evaluation/MAEmap>.

¹³ "Median Annual Earnings Map," United States Department of Labor.

¹⁴ "Median Annual Earnings Map," United States Department of Labor.

¹⁵ United States Bureau of Labor Statistics, "Persons with a Disability: Labor Force Characteristics – 2022," 3, accessed August 23, 2023, <https://www.bls.gov/news.release/pdf/disabl.pdf>.

¹⁶ United States Bureau of Labor Statistics, "Persons with a Disability," 3.

¹⁷ United States Bureau of Labor Statistics, "Persons with a Disability," 3.

¹⁸ United States Bureau of Labor Statistics, "Persons with a Disability," 3.

¹⁹ "Disability Inclusion," Centers for Disease Control and Prevention.

²⁰ "Disability Inclusion," Centers for Disease Control and Prevention.

²¹ Maryland State Department of Education, "Commission to Study the DORS," 19.

²² "Employment, Your Right to Competitive Integrated Employment," Disability Rights California, last modified June 1, 2015, accessed August 23, 2023, <https://www.disabilityrightsca.org/publications/your-right-to-competitive->

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to provide competitive integrated employment opportunities for people with disabilities and other job-related challenges while ensuring high-quality services for the State of Maryland. The program uses state-controlled entity service contracts to provide people with disabilities and impediments to employment with specific skills training, work experience, employment, and company ownership.²³ With that, Maryland Works, Inc., is designated to coordinate contracting activity between the State of Maryland, community service providers, and businesses owned by people with a disability. This is in accordance with the state finance and procurement article, sections 14-101 through 14-108 of the annotated code of Maryland.²⁴ The vocational paths afforded to people with disabilities through the EWP include but are not limited to: janitorial, landscape, mailing, packing and printing, security, storage, total facilities management, cafeteria, call center operations, data and information technology services, document management, and floor care.

Between 2021 and 2022, there were 1,643 individuals with disabilities who received employment opportunities through the EWP. The average monthly pay for individuals employed on EWP contracts was calculated to be approximately \$1,470 in 2021 and \$1,370 in 2022. Employment through the EWP directly supported 1,131 full-time equivalent (FTE) jobs, approximately \$28.6 million in labor income, and over \$90 million in state GDP. When considering economic activity associated with suppliers to these direct activities, as well as additional spending by employees carrying out these activities, the total impact grew to 1,594 jobs, nearly \$59.1 million in labor income, and approximately \$172.4 million in state GDP. These results can be seen below in Figure 1.

Figure 1: Total Economic Impact of EWP Employment, 2021 and 2022

| Impact | Employment | Labor Income | Output |
|--------------|--------------|---------------------|----------------------|
| Direct | 1,131 | \$28,567,558 | \$90,033,311 |
| Indirect | 285 | \$19,574,233 | \$49,855,242 |
| Induced | 178 | \$10,957,459 | \$32,500,598 |
| Total | 1,594 | \$59,099,250 | \$172,389,151 |

Source: IMPLAN, Maryland Works, RESI

If 1,131 FTE employment contracts are awarded each year, the EWP can expect to directly support over \$142.8 million in labor income, and over \$450.1 million in state GDP by 2028. When factoring in indirect and induced effects, the economic impact would grow to a total of approximately \$295.5 million in labor income, and over \$861.9 million in state GDP. This information can be seen below in Figure 2. Please note that these results do not account for individuals who have left the EWP and entered CIE independently following their participation in the program.

integrated-employment#:~:text=Competitive%20Integrated%20Employment%2C%20or%20CIE,where%20people-%20without%20disabilities%20work.

²³ "Employment Works Program," Maryland Works, Inc., accessed August 16, 2023, <https://mdworks.com/programs-services>.

²⁴ "Employment Works Program," Maryland Works, Inc.

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Figure 2: Five-Year Projection of EWP Economic Impacts

| Impact | Labor Income | Output |
|--------------|----------------------|----------------------|
| Direct | \$142,837,788 | \$450,166,555 |
| Indirect | \$97,871,166 | \$249,276,210 |
| Induced | \$54,787,296 | \$162,502,990 |
| Total | \$295,496,249 | \$861,945,755 |

Source: IMPLAN, Maryland Works, RESI

Further, employment through the EWP is estimated to generate a total of over \$17.0 million dollars in county, state, and federal tax revenues. A breakdown of the fiscal impacts can be seen below in Figure 3.

Figure 3: Total Fiscal Impact of EWP Employment, 2021 and 2022

| Impact | County | State | Federal | Total |
|--------------|--------------------|--------------------|---------------------|---------------------|
| Direct | \$364,033 | \$734,472 | \$6,001,222 | \$7,099,726 |
| Indirect | \$687,452 | \$1,059,670 | \$3,909,789 | \$5,656,911 |
| Induced | \$939,542 | \$1,300,865 | \$2,016,302 | \$4,256,710 |
| Total | \$1,991,027 | \$3,095,007 | \$11,927,313 | \$17,013,347 |

Source: IMPLAN, Maryland Works, RESI

A five-year projection of EWP fiscal impacts can be seen below in Figure 4. Following the same set of assumptions stated above, the EWP would be expected to generate slightly less than \$10.0 million in county tax revenue, approximately \$15.5 million in state tax revenues, and approximately \$59.7 million in federal tax revenues by 2028. This adds up to a total of approximately \$85.1 million in tax revenues generated by employment through the EWP. If employment amongst individuals with disabilities increases in the EWP over the next five years, one can expect the total impact to increase as well.

Figure 4: Five-Year Projection of EWP Fiscal Impacts

| Impact | County | State | Federal | Total |
|--------------|--------------------|---------------------|---------------------|---------------------|
| Direct | \$1,820,165 | \$3,672,359 | \$30,006,108 | \$35,498,632 |
| Indirect | \$3,437,258 | \$5,298,350 | \$19,548,944 | \$28,284,553 |
| Induced | \$4,697,711 | \$6,504,325 | \$10,081,512 | \$21,283,548 |
| Total | \$9,955,134 | \$15,475,034 | \$59,636,564 | \$85,066,733 |

Source: IMPLAN, Maryland Works, RESI

Cost savings to the State would result from temporary cash assistance (TCA) recipients who no longer qualify as a result of their income level through EWP employment. For example, an individual with a household size of one who no longer qualifies for TCA would result in monthly

cost savings of \$373.²⁵ In an all-or-nothing scenario, the lower limit of the range would be where no savings are generated, and the upper limit would be where all individuals in the EWP no longer rely on TCA. In these scenarios, monthly savings would range from \$0 to \$421,863 (\$373 x 1,131). Over the course of a full year, the upper limit of savings would increase to nearly \$5.1 million. Additionally, cost savings would be larger if the individual has a household size that is greater than one.²⁶

²⁵ “Family Investment Programs: Income Guidelines as of October 01, 2022,” Maryland Department of Human Services, March 2023, accessed September 12, 2023, [https://dhs.maryland.gov/documents/Supplemental%20Nutrition%20Assistance%20Program%20\(SNAP\)/October-2022-Income-Guidelines_revised-3.2023.pdf](https://dhs.maryland.gov/documents/Supplemental%20Nutrition%20Assistance%20Program%20(SNAP)/October-2022-Income-Guidelines_revised-3.2023.pdf).

²⁶ “Family Investment Programs: Income Guidelines as of October 01, 2022,” DHS, March 2023, accessed September 12, 2023, [https://dhs.maryland.gov/documents/Supplemental%20Nutrition%20Assistance%20Program%20\(SNAP\)/October-2022-Income-Guidelines_revised-3.2023.pdf](https://dhs.maryland.gov/documents/Supplemental%20Nutrition%20Assistance%20Program%20(SNAP)/October-2022-Income-Guidelines_revised-3.2023.pdf).



EMPLOYMENT WORKS PROGRAM

2021-2022 impacts

Maryland Works

The goal of the Employment Works Program (EWP) is to provide competitive integrated employment opportunities for people with disabilities and other job-related challenges while ensuring high-quality services for the State of Maryland.

1,643 Individuals with disabilities were employed through the EWP in 2021 and 2022. Approximately half were part-time workers.



On average, workers with a disability that were employed through the EWP earned \$15.96 an hour.

Competitive Integrated Employment (CIE)

CIE provides individuals with disabilities the opportunity to work in a setting where people with and without disabilities work together, earn at least minimum wage, and have equal opportunities for raises and promotions. The top occupational service positions held by EWP employees were:



Janitorial Services



Landscaping Services



Other Temporary Services



Facilities Management



Optical Scanning

Total Economic and Fiscal Impact

Total economic impacts account for economic activity associated with suppliers to direct activities, as well as additional spending by employees carrying out activities. Impacts are measured by employment, state GDP, labor income, and county, state, and federal tax revenues.

\$172.4M

State GDP

\$59M

Labor Income

\$17M

Tax Revenues

1,594

FTE Jobs