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Advancing High-Quality Employment Outcomes through Community Rehabilitation Providers (CRPs)

National Rehabilitation Leadership Institute (NRLI)

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Executive Summary

Improving employment outcomes for individuals with disabilities remains a central objective of the public Vocational Rehabilitation (VR) program, as established under the Rehabilitation Act of 1973, as amended by the Workforce Innovation and Opportunity Act (WIOA) and codified in 34 CFR §361.1–§361.89. These regulations mandate that state VR agencies provide services leading to competitive integrated employment and require accountability for quality, efficiency, and participant-centered outcomes.

Community Rehabilitation Providers (CRPs) serve as essential partners in achieving these mandates by delivering direct services to VR participants. However, current fee-for-service and milestone-based payment models, while permissible under 34 CFR §361.50, often emphasize process completion rather than long-term employment success. This misalignment limits the ability of VR programs to measure, reward, and sustain high-quality outcomes that reflect participants' personal and economic goals.

To align policy and practice with the intent of the Rehabilitation Act and WIOA, VR agencies must redefine and incentivize "quality" within their contracted services. Establishing a Value-Based Purchasing (VBP) framework, anchored in Federal policy and supported by data-driven quality management, would strengthen the accountability, transparency, and impact of VR-funded services. By

setting clear definitions, measurable metrics, and performance-based funding mechanisms, state agencies can ensure that CRPs are recognized and rewarded for delivering services that result in meaningful, competitive, and sustainable employment for individuals with disabilities.

Value-Based Purchasing differs from fee-for-service and milestone payment models by linking reimbursement to both **measurable employment outcomes and efficient use of public funds.** Rather than rewarding service completion alone, a value-based approach emphasizes sustained employment, job quality, and cost-effective service delivery (Mills, 2020)

Impact

Despite ongoing efforts to expand access to employment for individuals with disabilities, persistent disparities remain between people with and without disabilities. The U.S. Bureau of Labor Statistics (2024) reported that the employment-population ratio for individuals with disabilities was 24.2%, compared with 65.8% for those without disabilities. This gap, over 40 percentage points, reflects enduring barriers, such as limited access to quality services, inconsistent provider capacity, and structural disincentives within existing funding and reimbursement models. These disparities directly conflict with the intent of 34 CFR §361.1, which mandates that the State Vocational Rehabilitation Services Program "assist individuals with disabilities in preparing for and engaging in gainful employment consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice."

CRPs remain one of the most powerful levers through which VR agencies can influence these outcomes. CRPs bridge policy and practice by providing individualized supports, such as job coaching, work-based learning, and supported or customized employment that directly shape employment quality and sustainability. Yet, as documented in the Council of State Administrators of Vocational Rehabilitation (CSAVR) CRP Survey (2023), significant variation persists in how states define, monitor, and reward quality within contracted services. The survey revealed that more than 70% of responding agencies continue to rely primarily on milestone or fee-for-service models, with only 15% incorporating any form of performance-based or outcome-based payments. This lack of alignment between funding and outcomes limits innovation, reduces accountability, and contributes to uneven results across states.

Chan et al. (2019) note that fee-for-service structures in VR "prioritize throughout rather than transformation," often rewarding case closures rather than meaningful career advancement. Similarly, research has shown that the absence of standardized, outcome-based quality metrics within VR systems contributes to inefficiencies that weaken the connection between program inputs, service delivery, and long-term client outcomes. For instance, Noteboom et al. (2024) emphasize that short-term funding cycles and limited performance frameworks often undermine the sustainability of VR programs and their capacity to deliver lasting employment outcomes. This highlights the critical need for a national policy framework that defines, measures, and rewards quality through standardized performance indicators and outcome-driven contracting models.

The limitations of current funding mechanisms also impact provider sustainability. CRPs operating under milestone-based contracts often experience financial instability due to delayed payments, limited flexibility to reinvest in staff development, insufficient wages for direct service staff, and constraints that

limit innovation in service delivery. This financial strain contributes to high turnover among frontline personnel and reduces provider capacity to effectively serve individuals with complex support needs, particularly in rural or underserved areas. These challenges align with the intent of 34 C.F.R. §361.50, which permits states to design their own payment methodologies but requires that those policies ultimately support the delivery of high-quality VR services, something that current funding structures may not consistently achieve. A systemic shift toward VBP, an approach proven effective in healthcare and long-term services and supports (LTSS) systems offers a model for improvement. Studies in Medicaid-managed LTSS programs (Centers for Medicare & Medicaid Services, 2023) show that VBP frameworks align incentives across payers and providers, leading to higher quality, lower costs, and more equitable outcomes. When applied to VR, VBP can reward CRPs for achieving measurable progress on participant outcomes such as employment retention, wage growth, and satisfaction rather than the mere completion of discrete services.

Traditional reimbursement models often reward service volume rather than efficiency, job quality, or employment stability. Outcome-aligned purchasing models demonstrate that higher per-unit rates can still reduce overall system costs when services lead to faster placement, better job matches, and improved retention.

By adopting such an approach, VR agencies can enhance accountability and strengthen collaboration with providers, ultimately improving employment outcomes for individuals with disabilities. A performance-driven framework will help bridge the current divide between process compliance and participant success, ensuring that the expenditure of public funds under the Rehabilitation Act achieves its intended impact economic self-sufficiency, independence, and inclusion in the workforce for all individuals with disabilities.

Background

The VR program, authorized under the Rehabilitation Act of 1973, as amended by the Workforce Innovation and Opportunity Act (WIOA), remains a cornerstone of the nation's public commitment to advancing competitive integrated employment for individuals with disabilities. Under 34 CFR §361.1, VR agencies are charged with providing individualized services that promote economic self-sufficiency, independence, and inclusion in the workforce. However, current funding and contracting models for CRPs, who deliver many of these services, often fail to fully support or measure quality, sustainability, and participant-centered outcomes.

Data from RSA highlights persistent challenges in achieving consistent and high-quality employment outcomes across state VR systems. National RSA-911 data indicate that the number of individuals exiting VR with competitive integrated employment has remained within a relatively narrow range over the past several years, with the most recently published national count showing 186,570 employment closures (Annual Disability Statistics Compendium, 2023). Although this number reflects stability, it does not represent meaningful growth when compared with earlier program years. Wage trends show a similar pattern. Analyses of national RSA-911 data demonstrate that average hourly earnings for VR participants employed at closure increased from approximately $13–$14 per hour in PY 2018–2019 to roughly $17 per hour by PY 2022–2023 (Center on Self-Employment, 2024). While this represents gradual

improvement, the pace of wage growth continues to lag behind broader U.S. labor-market trends, underscoring ongoing systemic barriers affecting VR participants' long-term economic advancement.

Significant interstate variation continues to characterize VR outcomes and cost performance. Analyses of RSA-911 data published in the 2023 Annual Disability Statistics Compendium show wide differences across states in key indicators such as the number of individuals exiting VR with competitive integrated employment, rates of employment at closure, and median hourly earnings (Institute on Disability, 2024). These state-to-state disparities highlight the uneven effectiveness of current contracting and service-delivery approaches within the VR system. Complementary national reporting by the Institute for Community Inclusion further demonstrates substantial variation in employment outcomes for individuals with intellectual and developmental disabilities, including differences in rehabilitation rates and earnings at exit across states (Center on Self-Employment, 2024). Together, these national data sources reinforce that procurement strategies, provider capacity, and management practices meaningfully shape participant results.

Evidence from human-services research suggests that linking payment to outcomes can improve performance under the right conditions. For example, Lu (2016) found that performance-based contracting in human services significantly improved employment results and reduced time to employment in a quasi-experimental study of the Indiana Bureau of Vocational Rehabilitation Services program. This underscores the potential of outcome-tied payments to drive higher quality and greater consistency compared with traditional fee-for-service or milestone-only models.

Taken together, these findings support moving toward standardized quality metrics and value-oriented payment models so that states can reduce variability, strengthen provider accountability, and improve employment retention and earnings outcomes nationwide.

These state-level innovations provide early evidence that payment structures directly influence provider behavior and outcomes, a finding supported by the CSAVR CRP Survey (2023). The survey revealed that while 83% of state VR agencies contract with CRPs for employment services, only 12% include outcome-based financial incentives tied to retention, wage growth, or participant satisfaction. The lack of alignment between funding mechanisms and desired outcomes has led to systemic inefficiencies and reduced accountability in how quality is defined and achieved.

Many VR contracts continue to focus primarily on process-based metrics, such as the number of job placements or service completions rather than on evidence of long-term employment success. For example, Ipsen, Goe & Bliss (2019) found that many state VR agencies relied on traditional payment models and lacked mechanisms to reward outcomes like job retention or wage growth. This underscores the need for contracting frameworks that move beyond volume and completion metrics toward standardized performance measures and outcome-based payment models that promote continuous quality improvement, data-driven provider monitoring, and meaningful results for participants.

This approach aligns with Federal expectations outlined in 34 CFR §361.50, which allows VR agencies discretion in determining payment policies but requires that those policies promote the "provision of quality vocational rehabilitation services." By leveraging national technical assistance and performance data, states can move from compliance-based oversight to performance-driven management, ensuring

that contracting practices support WIOA's broader goal of achieving measurable improvements in labor force participation among individuals with disabilities.

Comprehensive Statewide Needs Assessments (CSNAs), conducted every three years by each state VR agency, continue to identify systemic gaps that affect CRP effectiveness. Across multiple states, CSNAs have documented recurring issues such as the following:

- Inconsistent CRP quality standards and unclear performance expectations;
- Geographic inequities, particularly in rural and frontier areas where provider capacity is limited;
- Limited staff training and high turnover among CRP employment specialists; and
- Inadequate data systems for tracking participant progress post-employment.

For instance, the Texas Workforce Solutions–Vocational Rehabilitation Services (2022) CSNA reported that 38% of participants served by CRPs in rural regions discontinued services prior to achieving employment, often due to provider resource limitations or staff shortages. The California Department of Rehabilitation (2023) CSNA found that CRP performance variability contributed to inconsistent outcomes across regions, prompting the state to explore a performance-based contracting pilot emphasizing retention and employer satisfaction metrics.

Federal technical assistance and state demonstration efforts show that value-based and outcome-aligned purchasing approaches can be implemented within VR systems when paired with clear performance measures, stakeholder engagement, and data readiness.

Proposed Changes

To address the systemic challenges that limit the quality, consistency, and sustainability of CRP services within the VR system, a comprehensive policy framework is needed, one that defines "quality" in measurable terms and aligns funding, performance management, and accountability mechanisms accordingly. The following proposed solutions outline a coordinated strategy for advancing high-quality employment outcomes consistent with the purpose and requirements of the Rehabilitation Act of 1973, as amended by WIOA, and its implementing regulations under 34 CFR §361.

1. Define High-Quality Employment Outcomes

A foundational step toward improving outcomes is developing a clear, nationally informed definition of what constitutes "high-quality employment." Current Federal performance indicators emphasize employment rates and median wages, but these measures alone do not reflect the full scope of participant success.

High-quality employment outcomes should be defined to include the following:

- Sustained employment over time (e.g., 6, 12, and 24 months);
- Wage progression and access to benefits that support long-term stability;
- Participant satisfaction, career advancement, and alignment with individual goals. and
- Employer satisfaction and workplace inclusion that support retention.

Establishing a holistic definition of success will ensure consistency across states and align service delivery with the true intent of the Rehabilitation Act to support individuals with disabilities in achieving meaningful, competitive, and sustainable employment.

2. Develop standardized quality metrics.

Once "quality" is defined, VR agencies should implement standardized performance metrics that measure provider effectiveness consistently across programs and states. Metrics should evaluate both process and outcome performance and be integrated into contract management systems.

Recommended measures include the following:

- Employment retention rates at 6, 12, and 24 months;
- Average wage growth compared to state labor market trends;
- Participant satisfaction and self-determination outcomes;
- Employer satisfaction and feedback on job matches; and
- Cost-efficiency indicators that evaluate the return on investment.

3. Implement Value-Based Purchasing (VBP) and hybrid payment models.

Current milestone and fee-for-service payment systems reward service activity rather than the achievement of measurable outcomes. Implementing VBP or hybrid funding models would link provider payment to participant success and overall program impact.

Key features of VBP models include the following:

- Tiered reimbursement structures that increase payment for higher performance on retention, wage progression, or satisfaction outcomes;
- Outcome-based bonuses for providers who achieve specific quality benchmarks or exceed performance goals;
- Shared-savings approaches that allow high-performing CRPs to reinvest funds into workforce training or service expansion;
- Risk-adjusted contracts that account for participant complexity, ensuring equity across diverse service populations; and
- **Risk-adjusted performance expectations and tiered reimbursement structures** that account for participant complexity, ensuring providers are not disincentivized from serving individuals with significant disabilities or systemic employment barriers.

Value-based purchasing models may begin as cost-neutral while quality improves, with cost efficiencies emerging over time through reduced service duration, improved employment retention, and stronger job matching (Mills, 2021).

4. Strengthen data systems and quality management.

Achieving performance-based accountability requires robust data collection and analysis systems that link provider activity to participant outcomes. VR agencies should modernize data systems to integrate contract performance, RSA reporting, and provider outcomes into a unified platform.

A strong quality management framework should include the following:

- Continuous feedback loops between VR agencies and providers;
- Regular data reviews and dashboards to monitor provider performance in real time;
- Collaborative learning communities to share best practices and address performance gaps; and
- Clear guidance on how data will inform contract renewals and technical assistance.

By making performance data accessible, actionable, and transparent, agencies can improve decision-making and promote a culture of continuous quality improvement across their CRP networks.

5. Build provider capacity and promote equity.

To ensure that all participants, regardless of location or disability type, have access to quality services, VR agencies must invest in CRP capacity-building and equity-driven contracting. This includes incentives for providers that serve high-need or hard-to-reach populations and mechanisms to support ongoing professional development and staff retention.

Strategies include the following:

- Incentive payments for providers who expand services into rural or underserved areas;
- Capacity-building grants to support staff credentialing, training, and retention;
- Contract adjustments that recognize the additional effort required to serve participants with complex support needs; and
- Structured peer learning opportunities to build provider networks and improve service consistency statewide.

These measures will not only strengthen the CRP workforce but also improve access and equity, ensuring that participants across all regions benefit from consistent, high-quality services. Implementing these policy solutions will create a stronger, more transparent, and performance-driven VR system by—

- Establishing a clear and consistent definition of quality across all states;
- Aligning financial incentives with measurable participant outcomes;
- Promoting continuous improvement through data-informed management; and
- Expanding provider capacity to ensure equitable access to services.

Together, these solutions will help VR agencies and CRPs fulfill the intent of the Rehabilitation Act to empower individuals with disabilities to achieve meaningful, rewarding careers and long-term economic independence.

6. Phase implementation through pilots and stakeholder engagement.

Effective implementation of value-based purchasing requires stakeholder engagement and phased rollout through pilots or simulations. This approach supports provider readiness, reduces unintended consequences, and strengthens long-term sustainability.

Conclusion

The evidence is clear: the way VR agencies purchase and manage services directly influences the quality, equity, and sustainability of employment outcomes for individuals with disabilities. Current fee-for-service and milestone-based models, while well-intentioned, often emphasize process over results and compliance over collaboration. This structure limits provider innovation, reduces accountability, and fails to fully support the individualized, long-term employment goals envisioned under the Rehabilitation Act of 1973, as amended by WIOA.

Transitioning to outcome-based, value-driven contracting systems represents a critical evolution for the national VR program. By defining, measuring, and financially rewarding quality, agencies can promote stronger partnerships with CRPs, improve data transparency, and align funding with participant success. Implementing value-based purchasing and standardized performance metrics will elevate service consistency, ensure equitable access across states, and enhance the overall return on public investment.

Nationally, these changes will create a more efficient, accountable, and participant-centered VR system, one that prioritizes results over activity and empowers individuals with disabilities to achieve meaningful, competitive integrated employment. Value-based purchasing shifts VR funding from compliance-driven reimbursement toward outcomes defined by participant success, employment sustainability, and economic advancement.

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