



## Disability Employment Services 2018 - Risk adjusted funding model

Fees for Disability Employment Services (DES) are for support to people with disability to gain employment. From 1 July 2018, under the new DES program, jobseekers will be allocated to one of five funding levels for each of Disability Management Service (DMS) and Employment Support Service (ESS). Funding Level 1 is the highest probability of finding work and the lowest funding amount. This new allocation is based on the principle of risk-adjusted funding, that is, that outcomes for harder-to-place jobseekers (those with more severe barriers to employment) are encouraged through better fee differentiation and a higher level of support. Key predictors included in the funding model are:

- **Demographic characteristics:** Age and gender;
- **Duration variables:** multiple duration measures such as time since first commencement, time since the start of stint, and the proportion of time in the program over the past 3 years.
- **Labour market effects such as** regional internet vacancy index (IVI) and the change in the national unemployment rate.
- **Job Seeker Classification Instrument (JSCI) related variables:** JSCI score being the key variable, which is a composite of various barriers from the jobseeker classification.
- **Disability indicators:** presence of 11 different disability or health conditions.
- **Other program characteristics:** These include benchmark hours, eligible school leaver, current funding level and job-in-jeopardy flags, including the allowance or benefit received by the jobseeker.
- **Barrier and Condition flags:** Over 300 indicator variables related to specific employment barriers and conditions for the jobseeker.

The Risk Adjusted Funding Model uses objective information sourced from a number of different places. Not all of this information is able to be directly viewed or updated by a DES Provider. Information is sourced from:

- Centrelink data through the Job Seeker Registration Record
- the Employment Services Assessment (ESAt) /Job Capacity Assessment (JCA)
- Job Seeker Classification Instrument (JSCI) data.

Support through DES is open to as many people as meet the eligibility criteria and is not based on fixed or capped grants at the employment service area level or to individual service organisations. The revenue that will flow to organisations post 1 July 2018, and indeed the total flowing to all organisations in any one ESA, is an outcome of how many job seekers participate in DES, their characteristics and, most importantly, the performance of organisations in achieving employment outcomes and pathway outcomes.

The new funding model would be more dynamic and will have the capacity to reflect changing labour market landscape and client characteristics. The funding model will be recalibrated from time to time using the most recent available data to it accurately reflects changes in labour markets and participant characteristics and the relative chances of successful outcomes.