

**HOW STATE AID
POLICIES HELP
YOU TO EMPLOY
PERSONS WITH
DISABILITIES**

**ROAD TO EMPLOYMENT CONFERENCE
4TH MAY 2020, PARIS, FRANCE**

STRUCTURE AND OBJECTIVES

- I. Current context
- II. Catalan Model
- III. Current challenges
- IV. Going to a new model

I. CURRENT MODEL

➤ **Persons with disabilities have severe difficulties to access the labour market:**

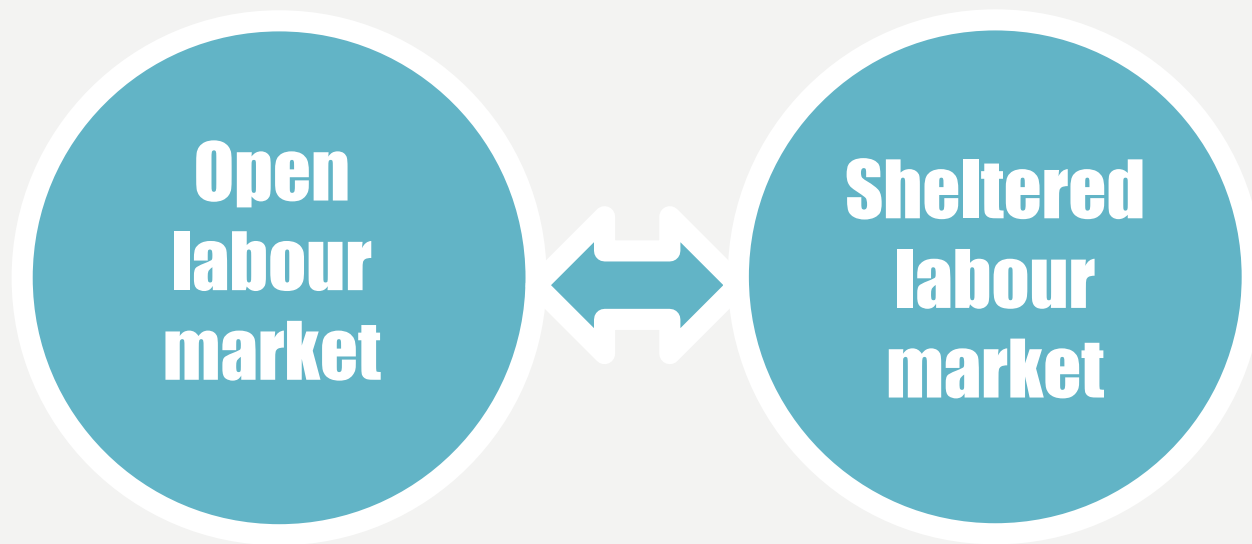
- A context of economical crisis (high rate of unemployment) is still present in Spain and Catalonia
- Low
 - Economic activity
 - Employment rate
 - Recruitment rate

➤ **Long term unemployment**

II. CATALAN MODEL

WORK MODALITIES OF PWD IN CATALONIA

- ❑ Labour is a key instrument for personal development and fulfilment. Work is fundamental in order to achieve reasonable quality of life and also a basic tool for personal development.
- ❑ In Catalonia PWD can access to labour market through two options:



- ❑ Centre of Attention of PWD (CAD) – labour evaluation and guidance teams (EVOL) – disability certificate

WORK MODALITIES OF PWD IN CATALONIA

Open
labour
market

quota system
& alternative
measures

measures to
encourage
recruitment at
open market

supported
employment
services

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Decree-law 1/2013, General Law of the rights of PWD and their social inclusion (Chapter VI. The Right to Work and Employment), article 42

- Public and private companies ≥ 50 employees \rightarrow at least **2%** of job placements for PWD
- Assumptions of exceptionality \rightarrow exception certificate (valid during 3 years) \rightarrow **Alternative measures**
 - a) make a labour enclave – b) contract specific goods and services to sheltered workshops – c) donations and patronage actions

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Article 40. Adoption of measures to prevent and compensate disadvantages caused by disability as a guarantee of full equality in work

- Grants and loans to adapt work settings (barriers elimination, etc.) (901,52 €)
- Social Security discount fees (variable according to age, type of disability, gender and work day: Indefinites → 70% < 45 years, 90% > 45; women < 45 - 90%, women >45 - 100%; 3.907€ at the beginning;)
- Tax deduction (corporation tax) (6.000 € year per worker with indef. contract)
- Grants to promote employability of PWD (since 2012 a annual call)

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Article 41. guidance and individual support actions at work place, aimed to facilitate social and labour integration of people with special difficulties in the open labour market in similar conditions that other people that occupied similar places. Supported employment services are regulated by its own regulations.

- Royal Decree 870/2007, regulates supported employment in Spain. In Catalonia this RD is assumed through SIOAS program.
- Several entities offer SE services (Catalan Association of Supported Employment - actas.cat.). FWK protocol “Supported Employment in Catalonia” (2009).

WORK MODALITIES OF PWD IN CATALONIA

Open
labour
market

Facts & Figures

- **Number of contracts** of PWD at ordinary market⁽¹⁾ (2018): **339.191** (1,52% of the total contracting registered in our country)
- The **majority** of contracts at open labour market are of persons with **more than 55 years old**.
- In Spain, according to INE, in 2018 there were **25.987 companies** obliged by law to accomplish with reservation fee of 2%.

WORK MODALITIES OF PWD IN CATALONIA

Sheltered
labour
market

Definition

Article 43 GLD

- **Sheltered workshops** are those whose main aim is to perform a **productive activity** of goods and services, participating normally in the market operations, with the aim to ensure a **paid work** for PWD, at the same time they are a **tool for the inclusion** of a maximum number of these persons to an ordinary regime. By the same token, they have to offer, through **professional support units**, individual support services required by PWD, according to their circumstances and in conformity with specific regulations.
- Workforce with the highest possible number of workers with disability, **at least 70%** (that is with a disability of $\geq 33\%$).
- Sheltered workshops agreement (the majority of sheltered workshops are ruled by this accord).

WORK MODALITIES OF PWD IN CATALONIA

Sheltered
labour
market

Regulation

(RD 2273/1985):

Article 1. The same as Article 43 GLD

Article 2. Without prejudice of their social function and their specific characteristics, **structure and organization of sheltered workshops are the same as ordinary companies.**

Article 3. **Social and personal accommodation services**, are understood as rehabilitation, therapeutic, social integration, cultural and sports services delivering the workers the highest possible rehabilitation and adaptation to their social context.

Article 4. In any case Occupational Therapy Workshops and Special Education Schools with vocational/professional workshops for PWD have the consideration of Sheltered Employment Workshops.

Article 5. Their ownership can be **public** or **private**, and according to the application of their benefits, they can be **profit** or **non-for-profit**

WORK MODALITIES OF PWD IN CATALONIA

Sheltered
labour
market

Type of labour contracts

- **Type of labour contracts:** as any type of legal labour contract (indefinite, fixed-term, ...). Work performed at sheltered workshops must be productive, paid and appropriate to worker characteristics.
- Distinctive features:
 - Training contracts (1 year min. - 3 years max. length)
 - Home contracts (not for PWID)

WORK MODALITIES OF PWD IN CATALONIA

Sheltered
labour
market

Funding

- Regulated by Order of 26 October 1998, RD. 469/2006, RD. 2273/1985
 - Contributions of the holders and/or third parties.
 - Benefits from the productive work.
 - Public aids:
 - Funding of **100% of social security corporation tax**
 - Salary cost (maximum of **50% of minimum wage**)
 - **1200 €** per year per **worker with special difficulties** (i.e. ID, mental illness and cerebral palsy $\geq 33\%$, and with physical disability or sensory $\geq 65\%$)
- Control/monitoring: presentation of an explanatory report of public funding received

WORK MODALITIES OF PWD IN CATALONIA

Sheltered
labour
market

Funding

Funding situation in Catalonia until 2010:

- Funding of 100% of social security corporation taxes
- **Line 1 of funding.** Coming from Spanish Government (sectorial) for 50% of minimum wage and 1200€ per year per PWD (in any case USAP funding depends on annual budget)
- **Line 2 of funding.** Coming from the Catalan Government, **supplementary** line of 1.669,57 € per person per year for people with special difficulties, *i.e.* ID, mental illness, cerebral palsy and physical activity from 65%.

TOTAL AMMOUNT per person year (min.) = **4.953,90 €** (50% SMW)

TOTAL AMMOUNT per person year (max.) [4.953,90€ + 1.200€ + 1.669,57 €] = **7.823,47 €**

- Crisis context: economic caps for new labour contracts

WORK MODALITIES OF PWD IN CATALONIA

Sheltered
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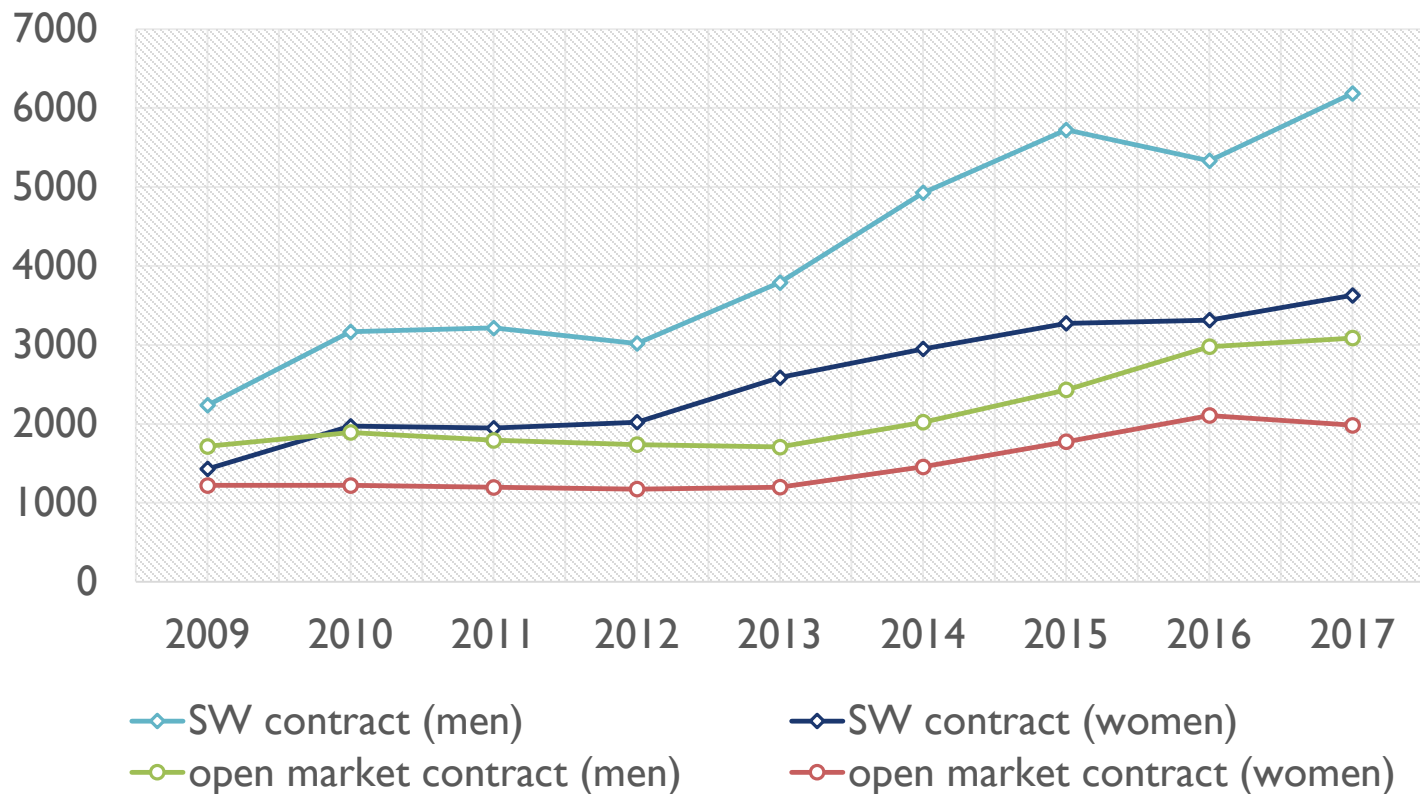
Facts & Figures

Specific figures of sheltered workshops in Catalonia:

- Sheltered workshops in Catalonia (2016): **216**
- They employed **9.814 PWD** (66% of the total of 14.885 contracts of PWD done in Catalonia)
- Major age of PWD hired: 20 and 34 years old.
- **Territoriality** (tied to local communities, large trajectory in time)
- **Distributed** inside Catalan territory (158 in Barcelona, 20 in Girona, 15 in Lleida, 18 in Tarragona and 5 in Terres de l'Ebre)
- **Knowledge about skills and needs of PWD** (both in the open labour market and social/community activities)
- Coexistence of lucrative and non-lucrative sheltered workshops.
- **Transition rate** to ordinary companies between **1-5%** - probably sheltered workshops constitutes the unique instrument of labour inclusion for most of PWD, specially those of special difficulties.

SHELTERED WORKSHOPS AS A WAY OF ENABLING THE RIGHT TO WORK FOR PWD

SW & open labour market evolution in Catalonia



Source: Generalitat de Catalunya. Observatori del Treball i Model productiu. Dades del Departament de Treball, Afers Socials i Famílies, 2017

CURRENT SITUATION OF PWD AND WORK. CONCLUSIONS (I/III)

- In the socio-economic context of a high general unemployment rate ($\pm 20\%$), and high youth unemployment rate ($\pm 40\%$) **policies** to promote employment of PWD **compete with other priorities**.
- Result: **high inactivity rate**. A widespread perception among PWD, their families and even support professionals that work is not for them. This is reinforced by the **high unemployment rate** among those who are willing to work.
- Among the few who work, a very **low integration into the regular labour market**, especially where disability is intellectual or due to mental illness.
- **Sheltered Workshops** employ **70%** of workers with disabilities and almost all of those who have **special difficulties**.

SHELTERED WORKSHOPS. CONCLUSIONS (II/III)

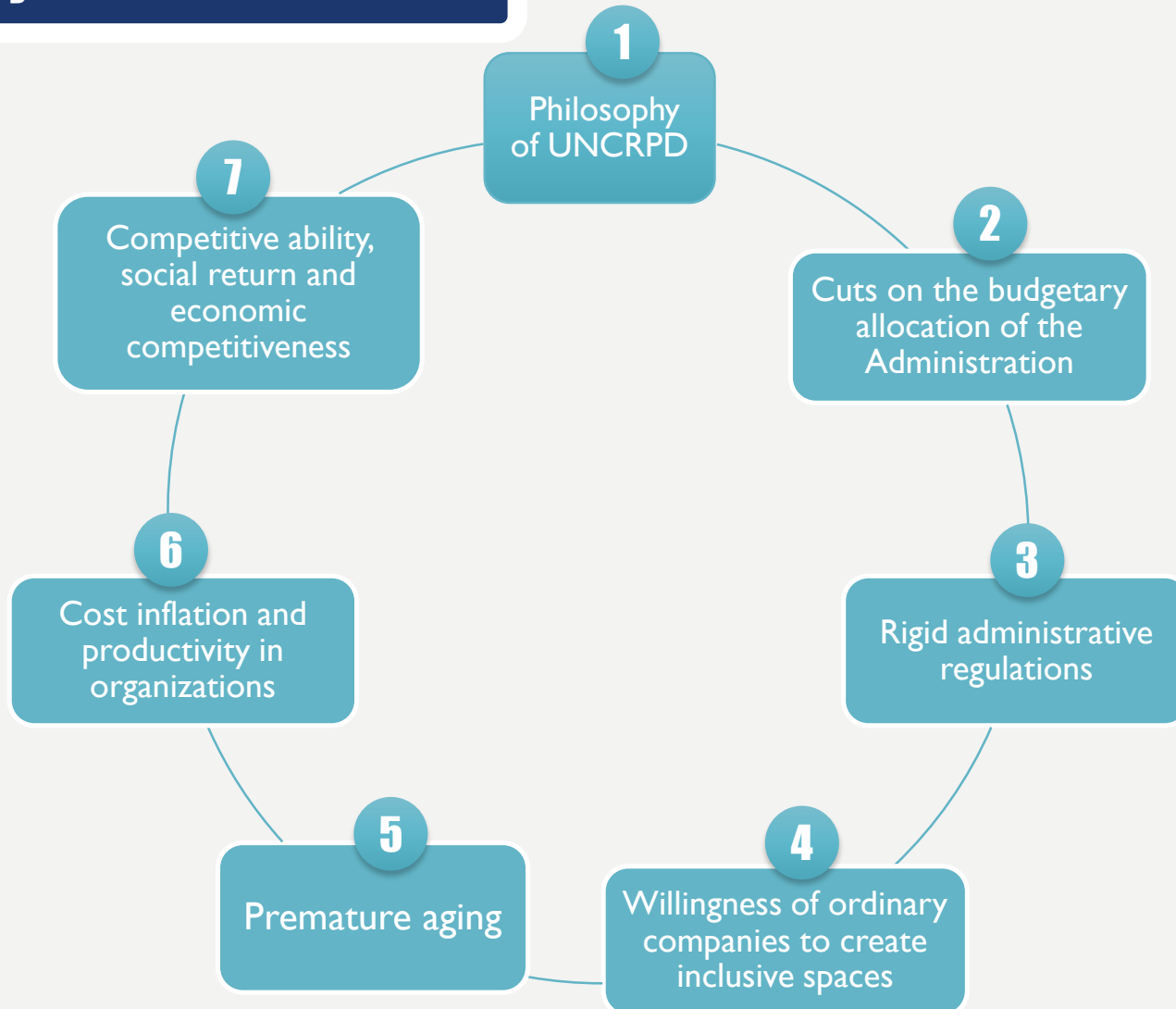
- **Without** the support of social services and sheltered workshops many people would not receive **adequate support** with issues such as health, housing, social activities and relationships, protection from abuse/exploitation, and managing finances. **This would have a detrimental effect on their ability to work.**
- **SWs are engine of social integration** providing a solution to the lack of other access to basic vocational training and work. Recent state legislative reforms have improved (OR NOT...) the situation even further for people with mild disabilities (RDL I/2013).
- The SWs efforts to **insert workers on the open labour market has had poor results**, and in many cases has failed due to a lack of support, and also because of the current economic situation. However, the ability of the SWs to provide second chances is undeniable.

SHELTERED WORKSHOPS. CONCLUSIONS (III/III)

- Many non-profit SWs are also important **reference points** in advocating and defencing the rights of PWDs in their territories and **they provide many other support services.**
- Pulling the SWs today would mean abandoning thousands of PWDs to unemployment, and even worse, to daily support services. Maybe one day, because supported employment in open labour market are available and succeed, the number of places in SWs should be reduced, but not today as there is no alternative available.

CHALLENGES (I)

7 Key elements of the context



CHALLENGES (I/IV)

I. Philosophy of the UNCRPD

It would be extraordinary and necessary that companies made a paradigm shift in their organizational designs, mostly based on efficiency and profitability, to incorporate the criterion of inclusiveness for all types of disabilities.

2. Cuts in the budgetary allocation of the Administration

The context of economic crisis of the last decade has resulted in important funding reductions and serious consequences for the sector, particularly for people with special difficulties.

CHALLENGES (II/IV)

3. Rigid administrative regulations

The different social, healthcare and employment services, both in sheltered workshops and ordinary companies, act in “closed boxes” preventing the natural interaction between them.

It is necessary more flexibility to respond to the needs of PWD with special difficulties (e.g. flexible contracts with possibility of part-time work, return without risks, ...).

4. The willingness of the ordinary companies to create inclusive and open spaces

The majority of ordinary companies prefer alternative measures or to contract people with less difficulties rather than generate job opportunities involving a biggest effort to adapt to disabilities with special needs and support. There is not enough funding for intensive supports.

CHALLENGES (III/IV)

5. Premature aging

Premature aging, occurrence of undesirable symptoms associated to aging, decline of the productivity and the growing need for care before the biological age, are intrinsic to intellectual disabilities.

6. Cost inflation and productivity in organizations

The structural and organizational characteristics of sheltered workshops makes them very vulnerable to the rises of minimum wage. In fact the minimum wage is the most important factor in personal costs in sheltered workshops.

In addition, the fact that non-for-profit SW working with PWD with special difficulties have to compete with other commercial for PROFIT who recruit disabled people with the highest productivity, will be a further disadvantage in the competitive environment.

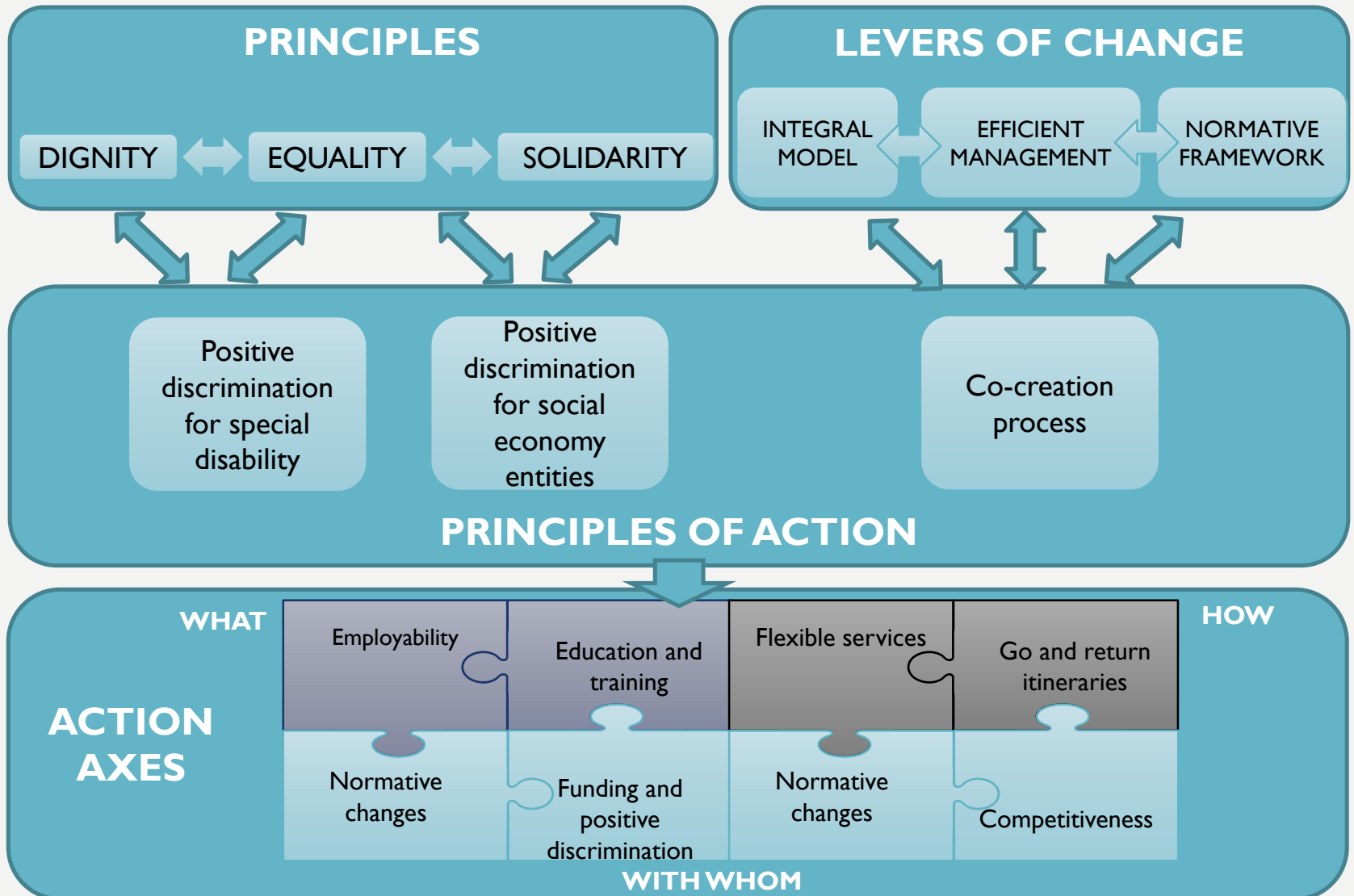
CHALLENGES (IV/IV)

7. Competitive ability, social return and economic competitiveness

There is a large atomization of entities, typically relatively small in size. In most entities there is a low debt mostly due to lack of investment.

A consequence of this lack of investment is that the products and services they offer have a low added value and makes them less competitive with the rest of lucrative sheltered workshops.

THE CHARACTERISTICS OF THE NEW MODEL



THE CHARACTERISTICS OF THE NEW MODEL

A. INTEGRAL MODEL

- The integration of the PWD-SD implies many aspects: employment, training, personal, social and family support. In this sense, the model must be complex enough to contemplate the relationship between the different aspects of care and support, enough specific to allow close and continuous attention and flexible enough to move between different situations.
- The new model must focus on the flexibility between Occupational Therapy Centers, Sheltered Workshops and ordinary Company based on combined forms, enabling PWD-SD to find the most appropriate environment at all times.

THE CHARACTERISTICS OF THE NEW MODEL

B. EFFICIENT MANAGEMENT

Although, due to the nature and objectives of the PWD-SD in SW, primacy is given to the social dimension, we can not forget that we are talking about productive environments that have a vocation to operate in open and competitive markets. Economic efficient management is a necessary condition, although not sufficient for the survival of SW.

C. NORMATIVE FRAMEWORK

The regulatory framework needs to be reviewed in favor of inclusion. For SW and companies, incentives must be established to eliminate the barriers of productivity and adaptation to workplaces. In this sense, the complexity of the actions that need to be implemented requires the coordinated action and the complicity of all the agents involved.

THE PRINCIPLES OF THE NEW MODEL

- I. Positive discrimination for special disability.
- II. Positive discrimination for social initiative entities
- III. Co-creation processes with the agents involved

KEYS FOR THE IMPLEMENTATION OF THE NEW MODEL

- I. Full development of PWD-SD employability
- II. Training as a key to ensure employability
- III. Complete flexibility between social and labor services, taking into account the development and life cycle of the person
- IV. Free entrance and exit itineraries between social and work services with possibility of return routes without risk
- V. Development of the competitiveness and financial sustainability of the social entities of the sector
- VI. Raise awareness to ordinary companies and effective transformation in open and inclusive environments
- VII. Funding and positive discrimination
- VIII. Changes in Autonomous and State regulations



THANK YOU FOR YOUR ATTENTION

Q&A



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