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STATE OF WISCONSIN
Legislative Audit Bureau

REPORT HIGHLIGHTS

Report 15-18
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State Auditor
Joe Chrisman

Division of Vocational Rehabilitation

Department of Workforce Development

The Division of Vocational Rehabilitation (DVR) in the Department of Workforce Development (DWD) administers Wisconsin's vocational rehabilitation program, which helps individuals with disabilities to obtain or retain employment. Individuals may participate in the program if they have a physical or mental impairment that is a substantial impediment to employment and they can benefit from vocational rehabilitation services, such as training, job search assistance, and rehabilitation technology. In federal fiscal year (FFY) 2013-14, the program served 33,025 participants.

In state fiscal year (FY) 2014-15, DVR spent $100.7 million, almost two-thirds of which was for services for participants. The program's primary funding source is a federal grant that provides 78.7 percent of funding and requires a partial state funding match of 21.3 percent. As of June 2015, DVR had 344.0 full-time equivalent (FTE) staff, including 132.0 FTE vocational rehabilitation counselors who worked out of 41 offices located in 11 workforce development areas, determined the eligibility of program applicants, and authorized services that participants needed to achieve their specified employment outcomes.

To complete this audit, we analyzed:

- program expenditures, participants, staffing, and services; and
- the outcomes of participants, including the extent to which participants achieved specified employment outcomes and were considered rehabilitated.

Expenditures and Staffing

DVR's expenditures increased from $78.1 million in FY 2011-12 to $100.7 million in FY 2014-15, or by 28.9 percent. Much of the increase occurred because 2013 Wisconsin Act 58 increased DVR's general purpose revenue (GPR), and these funds were used to match additional federal funds.

In order to obtain federal funding, DVR must annually submit to the federal government a State Plan describing how it will serve participants. State Plans in recent years indicate that DVR's goal for the average statewide caseload per counselor and counselor-in-training is no more than 125.0 participants and applicants. The average statewide caseload per counselor and counselor-in-training was less than 125.0 in June 2012, June 2013, and June 2014.

Annual turnover among counselors and other staff who directly serve participants increased from 10.4 percent to 14.1 percent from June 2012 through June 2015.

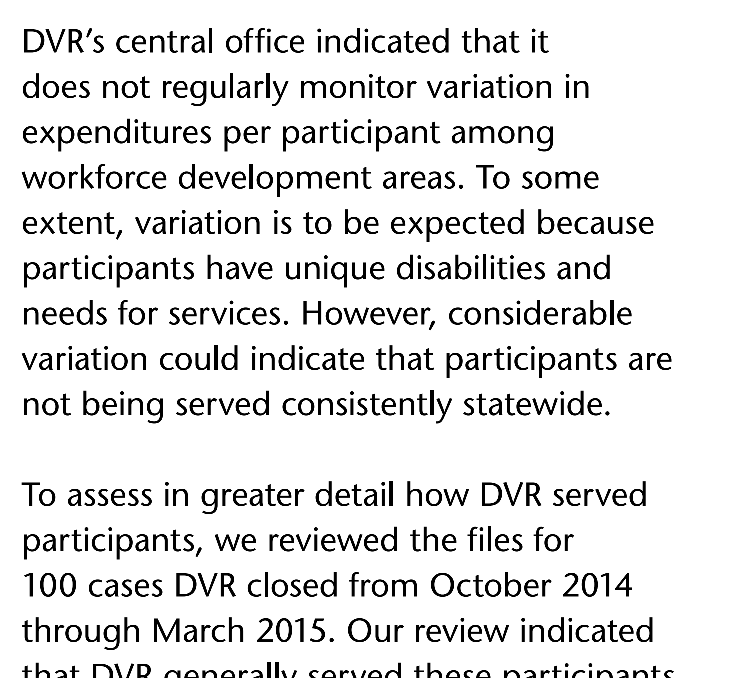
Service-Delivery Issues

Federal law and program policies require DVR to determine an applicant's eligibility for the program within 60 days of application, unless an extension is approved. From October 2011 through March 2015, DVR did not approve extensions for 2,559 applicants, or 5.3 percent of all applicants, whose eligibility had not been determined within 60 days. Not determining an applicant's eligibility in a timely manner can delay an applicant obtaining employment or result in an applicant not retaining employment.

Within 90 days after a participant is eligible for services, federal law and program policies require a counselor and a participant to complete a written individualized plan for employment, unless an extension is approved. This plan describes a specific employment outcome consistent with a participant's abilities and interests and the services needed to achieve that outcome. From October 2011 through March 2015, DVR did not approve extensions for 2,027 individualized plans for employment, or 7.2 percent of the total completed, that had not been completed within 90 days. Not completing such a plan in a timely manner can delay a participant obtaining employment or result in a participant not retaining employment.

We analyzed annual average expenditures for services per participant from FFY 2011-12 through FFY 2013-14 and found considerable variation among workforce development areas. Annual average expenditures per participant ranged from 163.4 percent to 72.8 percent of the $1,563 statewide average in FFY 2013-14. Annual average expenditures per participant in the Fox Valley, Bay Area, and Milwaukee workforce development areas were lower than the statewide average in the three-year period we reviewed.

Annual Average Expenditures for Services per Participant as a Percentage of the Statewide Average, by Workforce Development Area
FFY 2013-14



DVR's central office indicated that it does not regularly monitor variation in expenditures per participant among workforce development areas. To some extent, variation is to be expected because participants have unique disabilities and needs for services. However, considerable variation could indicate that participants are not being served consistently statewide.

To assess in greater detail how DVR served participants, we reviewed the files for 100 cases DVR closed from October 2014 through March 2015. Our review indicated that DVR generally served these participants appropriately, including by declining to provide services that appeared to be unnecessary for participants to achieve their specified employment outcomes. However, our file review identified concerns with how DVR served some participants. For example, a number of case files did not indicate that counselors attempted to contact participants at least monthly, as they are typically required to do. Not being contacted at least monthly can delay a participant obtaining employment or result in a participant not retaining employment.

Participant Outcomes

From October 2011 through March 2015, DVR closed 48,606 cases, including 50.6 percent that it closed before having provided the participants with any services. A case may be closed for various reasons before any services are provided. For example, a participant may find employment without DVR's assistance.

Rehabilitation rates increased steadily from FFY 2011-12 through the first six months of FFY 2014-15. Wisconsin's rate ranked fourth among seven midwestern states and was higher than the national average in FFY 2012-13, which was the most recent available for other states at the time of our audit.

However, the rehabilitation rate that the federal government annually calculates based on information submitted by DVR may be inaccurate. Our file review found that DVR inaccurately considered some participants rehabilitated and closed their cases when, in fact, the available information indicates the participants were not rehabilitated.

We found that rehabilitation rates varied considerably among workforce development areas. They also varied considerably based on the employment status of participants at application and the demographic characteristics of participants. To some extent, variation is expected because participants have unique educational backgrounds, employment histories, and job skills, all of which help to determine how likely participants are able to achieve their employment outcomes. However, considerable variation could indicate that participants are not being served consistently statewide.

Future Considerations

The federal Workforce Innovation and Opportunity Act of 2014 will likely require DVR to provide additional services to individuals, but the cost of these services is uncertain. Because the Act provides no additional federal funding, DVR indicated that it may need to place some eligible applicants on a waiting list in order to have sufficient funds to provide services to the individuals specified in the Act.

Recommendations

We include recommendations for DWD to:

☑ consistently determine an applicant's eligibility and complete a participant's individualized plan for employment within the required time periods or approve extensions (*pp. 31, 36*);

☑ at least annually examine and assess the variation in annual average expenditures per participant among workforce development areas and implement a plan, if necessary, to address the variation and ensure participants are served consistently statewide *(p. 40);*

☑ ensure consistent compliance with DVR's State Plan, federal law, and program policies when serving participants *(p. 44);*

☑ improve the accuracy of its annual rehabilitation rate *(p. 52)*;

☑ at least annually examine and assess the variation in rehabilitation rates among workforce development areas and among participants with different characteristics and implement a plan, if necessary, to address the variation and ensure participants are served consistently statewide *(p. 56)*;

☑ promulgate the statutorily required rule for charging a portion of expenses to operate the Supervised Business Initiatives program *(p. 62)*; and

☑ report to the Joint Legislative Audit Committee by June 30, 2016, on its plans to comply with the federal Workforce Innovation and Opportunity Act and the status of its efforts to address each of our audit recommendations *(p. 63)*.

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