

Report 15-18
December 2015

Division of Vocational Rehabilitation

Department of Workforce Development

STATE OF WISCONSIN



Legislative Audit Bureau ■

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Department of Workforce Development

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Response

From the Department of Workforce Development



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Joe Chrisman
State Auditor

December 15, 2015

Senator Robert Cowles and
Representative Samantha Kerkman, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Cowles and Representative Kerkman:

As directed by the Joint Legislative Audit Committee, we have completed an evaluation of the Department of Workforce Development's (DWD's) Division of Vocational Rehabilitation (DVR). In state fiscal year 2014-15, DVR spent \$100.7 million, primarily for services for participants with disabilities to obtain or retain employment. DVR staff work out of 41 offices located in 11 workforce development areas.

In federal fiscal year (FFY) 2013-14, annual average expenditures for services per participant were \$1,563 statewide. We found that average expenditures per participant among workforce development areas ranged from 163.4 percent to 72.8 percent of the statewide average.

We reviewed the files for 100 participants whose cases were closed from October 2014 through March 2015 and found that DVR generally served these participants appropriately. However, our file review identified concerns with how DVR served some participants.

Participants who achieve their specified employment outcomes are considered rehabilitated. In recent years, the annual proportion of participants whose cases were closed because they were rehabilitated increased steadily. We found that rehabilitation rates varied considerably among workforce development areas. These rates also varied considerably based on the employment status of participants at application and the demographic characteristics of participants.

We recommend DWD improve its program management, including by examining and assessing the variation in annual average expenditures per participant, ensuring participants are served in accordance with federal law and program policies, and examining and assessing the variation in rehabilitation rates. We also recommend that DWD report to the Joint Legislative Audit Committee by June 30, 2016, on its plans for complying with recent changes to federal law that affect the program and the status of its efforts to address each of our recommendations.

We appreciate the courtesy and cooperation extended to us by DWD. A response from DWD follows the appendices.

Respectfully submitted,

Joe Chrisman
State Auditor

JC/DS/ss

Report Highlights ■

Annual average expenditures for services per participant varied considerably among DVR's 11 workforce development areas.

Our review of 100 cases closed indicated that DVR generally served these participants appropriately, but we identified some concerns.

The annual rehabilitation rate of participants increased steadily in recent years.

Rehabilitation rates varied considerably among DVR's 11 workforce development areas and among participants with different characteristics.

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.

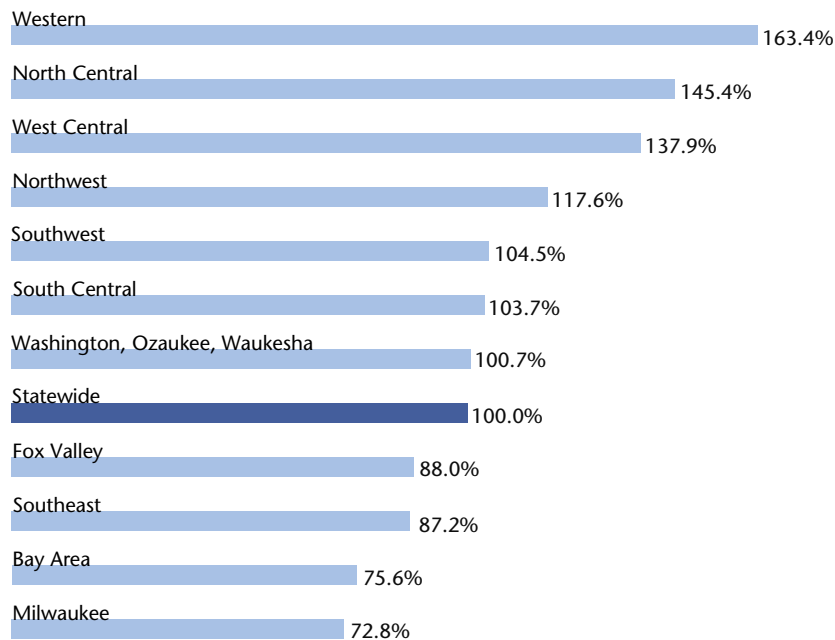
Within 90 days after a participant is eligible for services, federal law and program policies require a counselor and a participant to complete a written individualized plan for employment, unless an extension is approved. This plan describes a specific employment outcome consistent with a participant's 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.

As shown in Figure 1, 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.

Figure 1

**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*).

■ ■ ■ ■

Introduction ■

Wisconsin's vocational rehabilitation program must comply with federal law.

Wisconsin's vocational rehabilitation program must comply with the federal Rehabilitation Act of 1973, as amended most recently in 2014, in order to obtain federal funding. Federal law requires the program to provide vocational rehabilitation services to individuals with disabilities, consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, so that the individuals may prepare for and engage in gainful employment. Federal law specifies in various ways how states are required to operate their programs, which are intended to help individuals with disabilities to maximize their economic self-sufficiency. According to the U.S. Bureau of Labor Statistics, 17.1 percent of individuals with disabilities were employed in 2014, compared to 64.6 percent of individuals without disabilities.

Under s. 47.01 (3), Wis. Stats., an individual with a disability is someone who has a physical or mental disability that constitutes or results in a substantial barrier to employment and who can reasonably be expected to benefit in terms of employability from the provision of vocational rehabilitation services. Statutes define "vocational rehabilitation" to mean helping an individual with a disability to become capable of competing in the labor market, practicing a profession, being self-employed, raising a family and making a home, or other gainful work. DWD is statutorily required to make vocational rehabilitation services available in every county to all individuals with disabilities in Wisconsin. In addition, DWD must ensure that no individual is ineligible for services based solely on the type of disability and that no age limitations for eligibility exist.

Statutes require individuals with severe disabilities to receive priority for services. Such an individual is seriously limited in terms

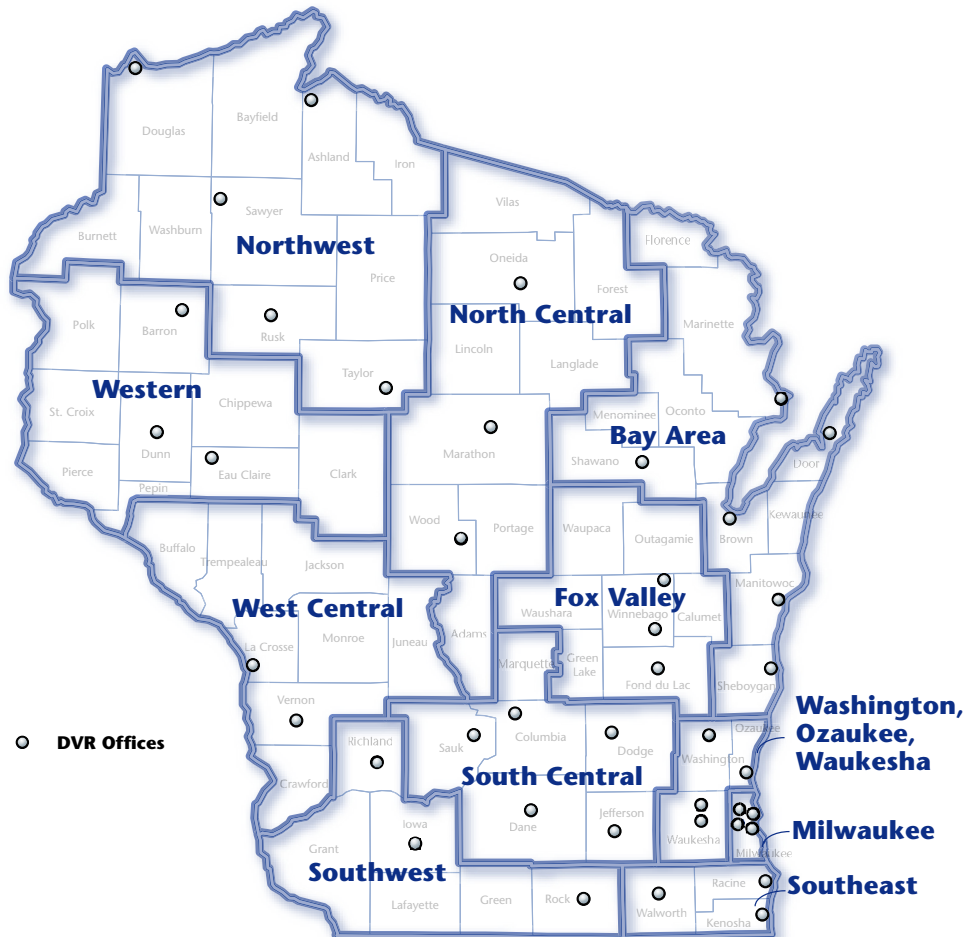
of employability in one or more functional capacities (including mobility, communication, self-care, self-direction, work tolerance, or work skills), can be expected to require multiple services over an extended period of time, and has one or more physical or mental disabilities. If DVR has insufficient funds to serve everyone determined eligible for the program, federal law requires it to categorize participants, serve the most significantly disabled first, and place the remainder on a waiting list. Since December 1994, DVR has used a waiting list.

DVR’s vocational rehabilitation counselors work out of 41 offices located in 11 workforce development areas.

DVR’s vocational rehabilitation counselors work out of 41 offices located in the 11 workforce development areas shown in Figure 2. Counselors determine whether applicants are eligible for program services. They do so by observing the applicant, reviewing medical and other relevant information, and obtaining any additional necessary assessments of the applicant’s disability.

Figure 2

Division of Vocational Rehabilitation’s Workforce Development Areas



A counselor acquaints a participant with the available services, advises the participant about suitable employment outcomes, and helps to identify a participant's need for services. Under federal law, a participant must help to create and implement a written individualized plan for employment, which describes a specific employment outcome consistent with the participant's abilities and interests, the services needed to achieve that outcome, and the entities that will provide the services. The entities providing the services must be approved by DVR and may be businesses, nonprofit organizations, state and local agencies, and institutions of higher education.

After an individualized plan for employment is approved by a counselor and a participant, the counselor authorizes the participant to receive particular services for as long as necessary to achieve the specified employment outcome, which can be to obtain or retain employment. Federal law requires a counselor and a participant to review the individualized plan for employment at least annually. A plan may be amended to reflect substantive changes in the specified employment outcome, the services to be provided, or the entities providing the services. A participant who needs only minimal assistance, such as help in identifying suitable employment opportunities, preparing a résumé, or obtaining transportation to job interviews, may achieve the employment outcome in a few months. Other participants may receive services for several years. For example, an individualized plan for employment may include financial assistance to help fund a four-year undergraduate degree, vehicle modifications to accommodate a participant's disability, and job placement services. Among all participants whose cases were closed from October 2011 through March 2015, the total cost of services provided to a given participant ranged from \$7 to \$360,800.

A counselor may close a participant's case for several reasons, including if services are no longer necessary or appropriate, or if a participant achieves the specified employment outcome. Program policies indicate that a participant has achieved the employment outcome and been rehabilitated only if certain requirements are met, including:

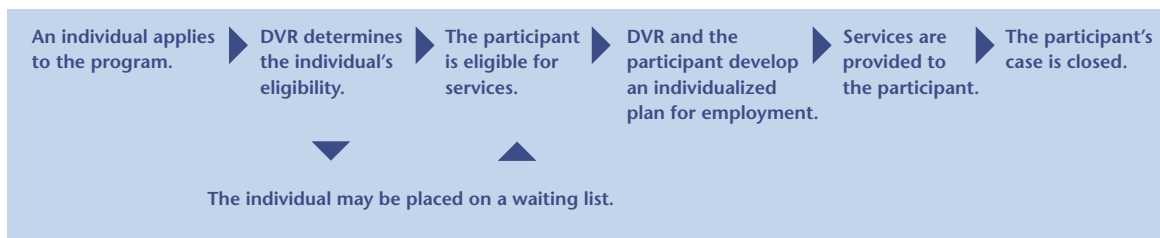
- the participant is compensated at or above the minimum wage and receives at least the wage and benefit level paid to other individuals performing similar work for the same employer;
- employment has been maintained for at least 90 days;
- the participant and the counselor consider the employment to be satisfactory and agree the participant is performing well on the job;

- the employment is stable, and the participant no longer requires services to maintain it; and
- the services provided by DVR contributed to achievement of the employment outcome.

Figure 3 summarizes the typical steps in a vocational rehabilitation case.

Figure 3

Typical Steps in a Vocational Rehabilitation Case



We last evaluated DVR in October 2000 (report 00-11), when we analyzed DVR’s expenditures, financial management, and success in serving participants. We found considerable variation in average counselor caseloads and average per participant expenditures for services among DVR’s 21 districts, which was how DVR was organized at the time.

To complete our current audit, we contacted DVR’s central office staff; staff in 6 of the 11 workforce development areas, including 5 that we visited; and 8 organizations involved with vocational rehabilitation issues. We reviewed DVR’s policy manuals and obtained data on its expenditures and staffing, services provided to participants, and participant outcomes. We also considered issues raised by several individuals who contacted our Fraud, Waste, and Mismanagement Hotline. DVR’s electronic Integrated Rehabilitation Information System (IRIS) contains participants’ official case files. To assess in greater detail how DVR served participants, we reviewed the files for 100 cases DVR closed from October 2014 through March 2015, including 90 randomly selected cases and the 10 highest-cost cases.

DVR did not provide us with accurate data in a timely manner. When we initially made our request in late May 2015, DVR indicated that key staff were busy completing other tasks, including preparing for the implementation of the State Transforming Agency Resources (STAR)

project. Our request required DVR to assemble portions of its data in new ways, and the effort to do so took time. DVR initially provided us with data that contained significant errors and could not be reconciled with information that it had previously reported to the federal government or included in the State's accounting system. As a result, we requested that DVR provide us with new data, all of which we received by late July 2015.

■ ■ ■ ■

Program Expenditures, Participants, and Staffing ■

The program is funded almost entirely by federal revenue and GPR.

Wisconsin's vocational rehabilitation program is funded almost entirely by federal revenue and GPR. We analyzed program expenditures and participants in recent years, as well as the caseloads and turnover of vocational rehabilitation counselors and other staff who directly serve participants. In recent years, the statewide average for caseloads was lower than the annual goal established by DVR. Annual turnover among counselors and other staff who directly serve participants increased somewhat in recent years.

Expenditures

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.

A federal grant, which is the program's primary funding source, provides 78.7 percent of funding and requires a partial state funding match of 21.3 percent. As shown in Table 1, the State's accounting system indicates that 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, which was enacted in December 2013, increased DVR's GPR continuing appropriation by \$2.1 million in both FY 2013-14 and FY 2014-15 and resulted in additional federal funds being provided. Expenditures also increased because of DVR's receipt of the federal Promoting the Readiness of Minors in Supplemental Security Income (Promise) Grant. Appendix 1 contains information about the Promise Grant and describes how DVR is using the funds.

Table 1

Program Expenditures, by Funding Source
(in millions)

Funding Source	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Federal	\$62.0	\$64.2	\$67.7	\$ 77.5
General Purpose Revenue	15.5	15.3	16.7	18.8
Program Revenue ¹	0.6	0.6	0.6	0.5
Subtotal	78.1	80.1	84.9	96.7
Promise Grant	0.0	0.0	0.6	4.0
Total	\$78.1	\$80.1	\$85.5	\$100.7

¹ Includes revenue from Indian gaming activities, which funded services for American Indians, and from the Supervised Business Enterprise program for blind and visually impaired participants.

The federal government annually allocates each state a given amount of federal funds that the state will receive if it provides sufficient matching funds. If a state does not provide sufficient matching funds, a portion of its federal funds is reallocated to other states that over-matched their allocated amounts. From FFY 2011-12 through FFY 2012-13, DVR received a total of \$9.1 million less than the allocated federal funds because insufficient matching funds were provided. Because 2013 Wisconsin Act 58 increased DVR's GPR continuing appropriation, DVR received all of the allocated amounts of federal funds in FFY 2013-14 and FFY 2014-15, as well as a total of \$9.8 million in federal funds that had been reallocated from other states.

In addition to services for participants and staff salaries and fringe benefits, DVR's expenditures in recent state fiscal years included:

- contractual services, such as hearings and appeals for participants and DWD charges for providing information technology (IT), facility management, telecommunications, mail, and other services;
- facilities and utilities, including rental costs;
- IT, data services, and telecommunications;
- travel and training; and
- the Promise Grant, which DVR tracks separately from its other expenditures.

In FY 2014-15, DVR's expenditures for services for participants were \$64.7 million, or 64.3 percent of its total expenditures.

As shown in Table 2, DVR's expenditures for services for participants were \$64.7 million, or 64.3 percent of its total expenditures in FY 2014-15, while its expenditures for staff salaries and fringe benefits were \$22.3 million, or 22.1 percent of total expenditures. Salaries and fringe benefits increased by 12.1 percent over the four-year period we examined, in part, because 2013 Wisconsin Act 58 provided DVR with an additional 9.0 FTE staff positions in FY 2013-14 and FY 2014-15.

Table 2
Program Expenditures, by Type
 (in millions)

Type	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Services for Participants	\$50.7	\$51.7	\$54.7	\$ 64.7
Salaries and Fringe Benefits	19.9	20.4	21.9	22.3
Contractual Services	3.2	3.4	3.6	4.0
Facilities and Utilities	1.6	1.5	1.5	2.1
IT, Data Services, Telecommunications	1.1	1.3	1.5	1.7
Travel and Training	0.5	0.7	0.9	1.0
Other ¹	1.0	1.1	0.8	1.0
Subtotal	78.1	80.1	84.9	96.7
Promise Grant	0.0	0.0	0.6	4.0
Total	\$78.1	\$80.1	\$85.5	\$100.7

¹ Includes printing, mailing, supplies, capital assets, and insurance.

We examined in greater detail expenditures for services for participants, which increased by 27.6 percent from FY 2011-12 through FY 2014-15. These services included:

- training, such as financial support for postsecondary education, internships, and temporary work;
- job search assistance, such as job referrals, résumé preparation, and development of interviewing skills;
- rehabilitation technology, such as farm and other equipment necessary to meet the needs of participants, vehicle modifications, and hearing aids;

- supported employment, such as on-the-job assistance that typically lasted less than 18.0 months and was intended to help participants obtain or retain employment;
- assessments, such as those needed to determine program eligibility and the severity of an individual's disability;
- transportation, such as bus passes and vehicle purchases and rentals;
- on-the-job supports, such as short-term help in developing the skills a participant needs to maintain employment;
- personal supports and supplies, such as work-related materials and tools, food, clothing, shelter, and personal assistance services;
- medical treatment, such as hospitalization, corrective surgery, therapeutic treatments, professional clinic visits, and substance abuse services; and
- interpreter services, such as sign language.

As shown in Table 3, training, job search assistance, and rehabilitation technology were the three largest types of expenditures for services for participants in FY 2014-15. Combined, they accounted for 57.2 percent of total expenditures for services in that year.

Table 3

Expenditures for Services, by Type
(in millions)

Type	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Training	\$16.0	\$15.2	\$14.7	\$15.3
Job Search Assistance	7.4	7.5	8.8	11.2
Rehabilitation Technology	6.5	6.8	7.4	10.5
Supported Employment	3.5	4.1	5.0	6.7
Assessments	4.6	5.3	5.5	6.4
Transportation	3.4	3.5	3.9	4.6
On-the-Job Supports	2.7	3.1	3.4	4.1
Personal Supports and Supplies	1.9	1.7	1.6	1.7
Medical Treatment	0.8	0.7	0.8	0.5
Interpreter Services	0.4	0.4	0.3	0.4
Other ¹	3.7	3.5	3.3	3.3
Total	\$50.7	\$51.7	\$54.7	\$64.7

¹ Includes small business and other unspecified services.

Expenditures for most types of services increased from FY 2011-12 through FY 2014-15, but expenditures for supported employment, rehabilitation technology, and job search assistance increased at the highest rates. DVR indicated that the 91.4 percent increase in expenditures for supported employment occurred, in part, because of the expansion in recent years of the Family Care program, which is administered by the Department of Health Services and provides long-term care services to eligible individuals, including those with disabilities. DVR indicated that such individuals often benefit from supported employment services.

DVR indicated that the 61.5 percent increase in expenditures for rehabilitation technology occurred, in part, because of increased expenditures for the purchase and modification of farm equipment. Farm equipment expenditures increased from \$2.7 million in FY 2011-12 to \$6.4 million in FY 2014-15, or by 137.0 percent. Our file review included the case of a participant with back and shoulder injuries. To rehabilitate the participant, DVR spent \$155,700, almost all of which was for the purchase and modification of farm equipment. In September 2015, DVR developed draft policies intended to help better manage expenditures for farm equipment.

DVR indicated that the 51.4 percent increase in expenditures for job search assistance occurred, in part, because of the increased numbers of participants who obtained and retained employment in recent years. DVR pays certain service providers based on their success in helping participants obtain or retain employment.

Table 4 shows the top 10 expenditures for services in FY 2014-15.

Table 4

Top 10 Expenditures for Services in FY 2014-15
(in millions)

Service	Description of Typical Purchases	Amount
Job Search Assistance	Job referrals, résumé preparation, and development of interview skills	\$11.2
Farm Equipment	Farm equipment purchased or modified to meet the needs of participants	6.4
Temporary Work	Short-term work experiences (typically lasting 90 days or less) for which DVR pays the wages of participants, who gain work experience	6.1
Assessments	Determination of program eligibility, the severity of disabilities, and services to include in individualized plans for employment	4.2
On-the-Job Supports	Short-term help in developing the skills participants need to maintain employment	4.1
Supported Employment Job Coaching	Long-term support (typically lasting less than 18 months) to help participants with the most significant disabilities obtain or retain employment	3.6
Four-Year College/University	Tuition and fees, books and supplies, room and board, and transportation	2.6
Benefits Analysis	Analyses of how employment will affect benefits participants receive from other public assistance programs, in order to help participants make informed choices about their options	2.2
Technical/Junior College	Tuition and fees, books and supplies, room and board, and transportation	2.2
Vehicle Purchases	Vehicles purchased for participants	1.9
Subtotal		44.5
Other Services		20.2
Total		\$64.7

Participants

Although we analyzed DVR’s expenditures on a state fiscal year basis, the program is supported primarily by federal funds and, as a result, tracks information about participants on a federal fiscal year basis. Although individuals on the waiting list were determined eligible for the program, we excluded them from our analyses

because they were not eligible to receive services while on the waiting list.

From FFY 2011-12 through FFY 2013-14, the total number of participants increased by 2.8 percent.

From FFY 2011-12 through FFY 2013-14, the total number of participants increased by 2.8 percent, but the numbers of participants served by the Western and North Central workforce development areas increased by more than 20.0 percent, as shown in Table 5. Staff in these two workforce development areas indicated that the increases occurred, in part, because of the Family Care program’s expansion and increases in the numbers of farmers who participated. Over the three-year period of our analysis, the numbers served by two workforce development areas—South Central and Milwaukee—decreased. The available information did not allow us to determine the reasons for these decreases.

Table 5

Participants, by Workforce Development Area¹

Workforce Development Area ²	FFY 2011-12	FFY 2012-13	FFY 2013-14	Percentage Change
Western	1,607	1,777	1,955	21.7%
North Central	1,977	2,221	2,375	20.1
Northwest	840	898	940	11.9
Bay Area	3,052	3,132	3,260	6.8
Washington, Ozaukee, Waukesha	3,527	3,594	3,692	4.7
Fox Valley	3,411	3,468	3,488	2.3
Southeast	3,044	3,037	3,112	2.2
Southwest	1,457	1,376	1,481	1.6
West Central	1,788	1,929	1,805	1.0
South Central	4,374	4,215	4,275	(2.3)
Milwaukee	7,041	6,637	6,642	(5.7)
Total	32,118	32,284	33,025	2.8

¹ Participants were counted each year they were in the program. Excludes individuals while on the waiting list. A federal fiscal year starts on October 1 and ends on September 30.

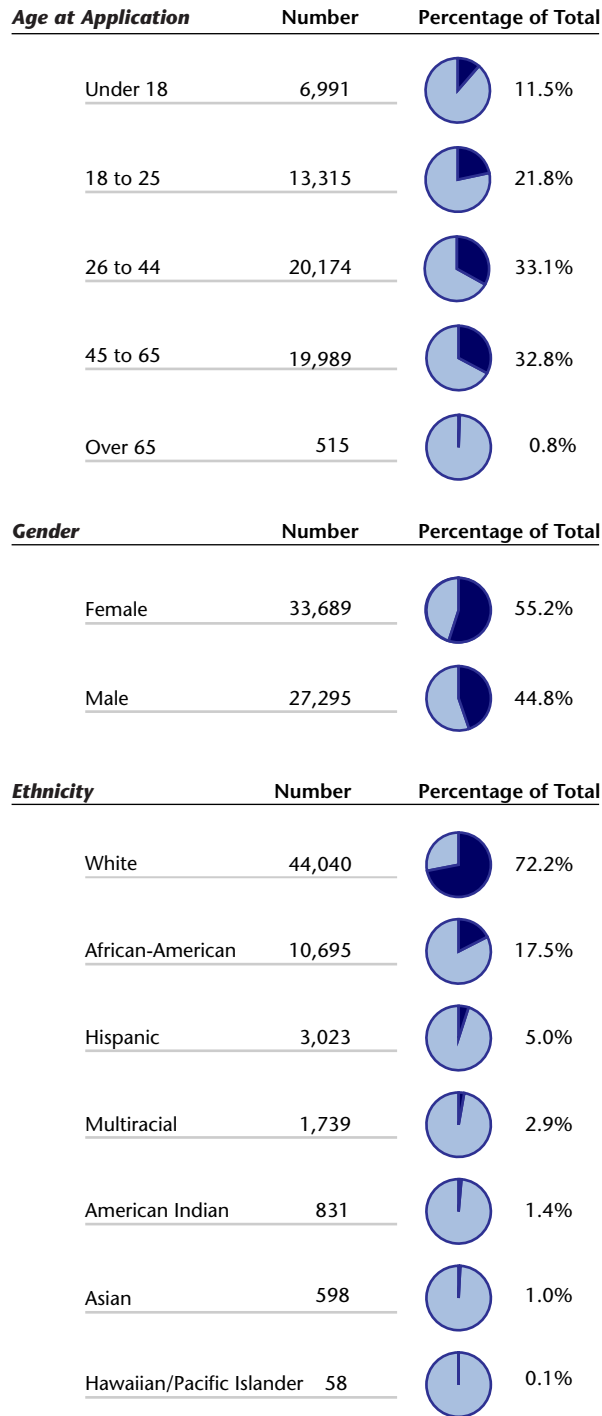
² Workforce development areas are arranged by the percentage change in participants over the three-year period.

Figure 4 provides a profile of all unique participants from October 2011 through March 2015.

Figure 4

Profile of Unique Participants¹
 October 2011 through March 2015

Participants: 60,984



¹ Each participant is included only once, regardless of the number of times a participant was in the program. Excludes individuals while on the waiting list.

Table 6 shows the primary disability of all unique participants from October 2011 through March 2015. The primary disabilities of two-thirds of participants were cognitive (affecting learning, thinking, processing information, and concentration), psychosocial (affecting interpersonal and behavioral abilities), and orthopedic/neurological (affecting mobility and dexterity).

Table 6

Primary Disability of Unique Participants¹
October 2011 through March 2015

Primary Disability	Number	Percentage of Total
Cognitive	16,421	26.9%
Psychosocial	14,238	23.3
Orthopedic/Neurological	10,978	18.0
Physical Debilitation	5,151	8.4
Other Mental	4,572	7.5
Other Physical	3,734	6.1
Deafness/Hearing	2,323	3.8
Communicative	1,661	2.7
Blindness/Visual	1,356	2.2
Respiratory	465	0.8
Deaf-Blindness	85	0.1
Total	60,984	100.0%

¹ Each participant is included only once, regardless of the number of times a participant was in the program. Excludes individuals while on the waiting list.

From October 2011 through March 2015, participants resided in every Wisconsin county, as shown in Appendix 2. The counties with the most participants were:

- Milwaukee County (12,981 participants);
- Dane County (5,053 participants);
- Waukesha County (3,697 participants);
- Racine County (2,613 participants); and
- Brown County (2,199 participants).

Staffing

The number of DVR's authorized FTE staff positions increased from 333.0 in June 2012 to 362.0 in June 2015.

The number of DVR's authorized FTE staff positions increased from 333.0 in June 2012 to 362.0 in June 2015. In FY 2012-13 and FY 2013-14, DVR was authorized a total of 20.0 additional FTE federally funded project positions, to be filled by business services consultants, whose function is to work with employers in order to identify how the job skills of participants can meet the needs of those employers. In addition to the FTE positions authorized by 2013 Wisconsin Act 58, DVR was authorized additional federally funded project positions in FY 2013-14 and FY 2014-15 to implement the Promise Grant. DVR indicated that these increases were partially offset by the elimination of project positions that had been funded by the federal American Recovery and Reinvestment Act of 2009.

Counselors-in-training must have a professional counselor training license from the Department of Safety and Professional Services (DSPS). This license requires them to have earned a graduate degree in professional counseling or its equivalent from an approved program. Eight private institutions with campuses in the state (Alverno College, Concordia University Wisconsin, Lakeland College, Marquette University, Mount Mary College, Ottawa University, Southern New Hampshire University, and Springfield College) and six University of Wisconsin (UW) System institutions (UW-Madison, UW-Milwaukee, UW-Oshkosh, UW-Platteville, UW-Stout, and UW-Whitewater) operate programs approved by DSPS. During their initial months of employment, counselors-in-training are helped by supervisors to make eligibility determinations. They meet on their own with participants to facilitate the provision of services but are expected to consult with supervisors as needed.

To receive a professional counselor license, which is required in order to be a DVR counselor, statutes require a counselor-in-training to complete 3,000 hours of professional counseling, including 1,000 hours of face-to-face contact with participants. DVR indicated that most counselors-in-training complete the licensing requirements within approximately 2.0 years to 2.5 years. According to summary information provided by DVR for May 2015, 87.0 percent of counselors were white, 74.0 percent were women, and 84.0 percent did not report having a disability.

Consumer case coordinators assist counselors, such as by interviewing applicants, helping participants to develop individualized plans for employment, ensuring that purchases of services are properly documented, entering various information into the IRIS case file system, and contacting participants who found employment.

Counselors and counselors-in-training made up more than half of DVR’s staff in recent years.

As shown in Table 7, counselors and counselors-in-training made up more than half of DVR’s staff in recent years.

Table 7
Division of Vocational Rehabilitation Staff, by Type¹
 Filled FTE Staff Positions

Type	June 2012	June 2013	June 2014	June 2015
Counselors	133.0	125.0	130.0	132.0
Counselors-in-Training	43.0	52.0	64.0	65.0
Consumer Case Coordinators	65.0	70.0	75.0	72.0
Business Services Consultants	0.0	18.0	19.0	15.0
Other Staff	52.0	53.0	56.0	60.0
Total	293.0	318.0	344.0	344.0

¹ Includes limited-term employees.

Caseloads

DVR’s goal for the average statewide caseload per counselor and counselor-in-training is no more than 125.0 individuals.

In order to obtain federal funding, DVR must annually submit to the federal Rehabilitation Services Administration a State Plan describing how it will serve participants. State Plans for FFY 2011-12 through FFY 2014-15 indicate that DVR’s goal for the average statewide caseload per counselor and counselor-in-training is no more than 125.0 individuals, including program participants as well as applicants, whose eligibility is determined by counselors.

The average statewide caseload per counselor and counselor-in-training was less than 125.0 individuals in June 2012, June 2013, and June 2014.

As shown in Table 8, the average statewide caseload per counselor and counselor-in-training was less than 125.0 individuals in June 2012, June 2013, and June 2014. DVR indicated that the decrease in average statewide caseloads from June 2013 to June 2014 occurred, in part, because in October 2013 it began to require individuals to complete their program applications in person, whereas previously individuals could also apply online or by mail. DVR indicated that requiring in-person applications reduced the number of applicants who were not serious about participating. In the Milwaukee and Southeast workforce development areas, the average caseloads exceeded 125.0 in all three months we examined.

Table 8

Average Caseload per Counselor¹
As of June 30

Workforce Development Area	June 2012	June 2013	June 2014
Milwaukee	138.8	143.0	140.2
Southeast	138.5	131.8	126.1
Western	112.8	117.3	123.1
Washington, Ozaukee, Waukesha	128.3	142.8	120.8
South Central	131.5	121.3	110.0
Fox Valley	125.5	123.2	104.8
Bay Area	104.2	99.2	98.6
North Central	105.3	122.3	97.1
Southwest	91.9	75.3	86.6
Northwest	70.4	96.5	78.6
West Central	78.4	84.1	69.1
Statewide	117.9	118.8	109.8

¹ Includes counselors-in-training. Shaded cells indicate average caseloads greater than DVR's goal for the average statewide caseload.

DVR indicated that the number of counselor positions assigned to a given workforce development area is based on that area's overall population as a proportion of the statewide total. However, participants may choose to receive services from any workforce development area. Particularly in rural areas, the DVR office nearest to a given participant may be in another workforce development area.

Turnover

Annual turnover among casework-related staff increased from 10.4 percent to 14.1 percent over the three-year period we reviewed.

DVR indicated that a counselor's level of experience is an important factor in making appropriate decisions regarding the provision of services. As shown in Table 9, annual turnover among casework-related staff, which we defined to include counselors, counselors-in-training, and consumer case coordinators, increased from 10.4 percent to 14.1 percent over the three-year period we reviewed. Annual turnover among all DVR staff increased from 10.2 percent to 14.2 percent over this three-year period. We found that 170 of the 241 casework-related staff employed on June 30, 2012, remained at DVR three years later, which equates to a three-year turnover rate of 29.5 percent.

Table 9

Annual Turnover among Division of Vocational Rehabilitation Staff
As of June 30

	June 2012 to June 2013	June 2013 to June 2014	June 2014 to June 2015
Casework-Related Staff¹			
Number at the Start of the Year	241	247	269
Number Who Left During the Year	25	24	38
Turnover Rate	10.4%	9.7%	14.1%
All Staff			
Number at the Start of the Year	293	318	344
Number Who Left During the Year	30	30	49
Turnover Rate	10.2%	9.4%	14.2%

¹ Counselors, counselors-in-training, and consumer case coordinators.

DVR staff indicated that turnover among casework-related staff occurs, in part, because of high caseloads, the stressful nature of the work, and relatively low pay, given the educational qualifications of these staff. They indicated that some counselors depart in order to earn higher pay elsewhere. We found that the average annual salary for counselors in June 2015 was \$48,700, while it was \$42,900 for counselors-in-training. Advanced counselors, who must be licensed for at least five years, earned an average of \$54,400. As of June 2015, DVR employed 14 advanced counselors.

Because turnover can disrupt the provision of services and reduce the likelihood of rehabilitation, DVR indicated that it has taken a number of actions to reduce turnover, including implementing a mentoring program for newly hired staff and providing non-financial awards to staff whose work performance merits recognition. In addition, DVR indicated that it increases the salaries of newly hired counselors with relevant skills, such as sign language proficiency, casework experience, or a graduate degree from a program specializing in vocational rehabilitation. DVR staff noted that more-experienced counselors now sometimes earn less than recently hired counselors, which they believe can increase turnover among more-experienced counselors.

Service-Delivery Issues ■

Federal law and DVR's program policies require timely service delivery, in part by requiring DVR to determine an applicant's eligibility for the program within 60 days and to work with a participant to create an individualized plan for employment within 90 days of eligibility or, if applicable, removal from the waiting list. We found that DVR did not consistently meet these deadlines in recent years. We also found considerable variation in per participant expenditures among the 11 workforce development areas. Our review of the 100 cases closed from October 2014 through March 2015 indicated that DVR generally served these participants appropriately, but our case file review identified concerns with how DVR served some of the participants.

Eligibility Determinations

DVR must determine an applicant's eligibility for the program within 60 days of application, unless an extension is approved.

Federal law and program policies require DVR to determine an applicant's eligibility for the program within 60 days of application, unless the applicant and the applicant's counselor agree to an extension and supervisory staff approve the extension. Policies indicate that an applicant is eligible if he or she has a physical or mental impairment that results in a substantial impediment to employment and requires program services to obtain or retain employment. To determine eligibility, policies require counselors to observe the applicant and obtain relevant information from other programs and providers, such as educational institutions, hospitals and physicians, and the Social Security Administration. Applicants

already eligible for disability benefits through the federal Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) programs are presumed eligible for the vocational rehabilitation program.

From October 2011 through March 2015, DVR determined the eligibility of 91.5 percent of all 47,956 applicants within 60 days but took more than 60 days to determine the eligibility of 8.5 percent of applicants, as shown in Table 10.

Table 10
Amount of Time Used to Determine the Eligibility of Applicants¹
October 2011 through March 2015

Days	Applicants	Percentage of Total
0 to 60	43,891	91.5%
61 to 70	1,559	3.3
71 to 90	1,223	2.6
91 to 120	823	1.7
121 to 150	248	0.5
151 to 240	154	0.3
More than 240	58	0.1
Subtotal	4,065	8.5
Total	47,956	100.0%

¹ Federal law and program policies require DVR to determine eligibility within 60 days, unless an extension is approved.

DVR did not approve extensions for 2,559 applicants whose eligibility was not determined within 60 days from October 2011 through March 2015.

We determined the extent to which supervisory staff approved extensions for the 4,065 applicants whose eligibility was not determined within 60 days from October 2011 through March 2015. We found that extensions were:

- approved for 1,506 applicants; and
- not approved for 2,559 applicants, which represented 5.3 percent of the 47,956 total applicants. A total of 2,393 of the 2,559 applicants were determined eligible for the program.

Delays in determining an applicant's eligibility may occur for various reasons. DVR indicated that it sometimes requires medical or other records that are not readily available. Our file review included several cases in which such circumstances occurred. In addition, DVR indicated that some applicants are difficult to contact or are unable to travel to DVR's offices in a timely manner. Nevertheless, not determining an applicant's eligibility in a timely manner can have negative consequences, including a delay in an applicant obtaining employment or an applicant not retaining employment.

Recommendation

We recommend the Department of Workforce Development comply with federal law and its policies by consistently determining an applicant's eligibility for the program within 60 days of application or by approving an extension to make the eligibility determination.

Order of Selection

If a program has insufficient funding to serve all applicants eligible for the program, federal law requires a state to categorize eligible applicants and serve those with the most significant disabilities first. The process for doing so is known as an order of selection. Since December 1994, DVR has used a waiting list and an order of selection. During our audit period, DVR placed each eligible applicant into one of the three categories shown in Table 11.

Table 11

Order of Selection Categories

	Description ¹
Category 1	An individual with a most significant disability that seriously limits four or more functional capacities in terms of an employment outcome and requires multiple services over an extended period of time
Category 2	An individual with a significant disability that seriously limits one to three functional capacities in terms of an employment outcome and requires multiple services over an extended period of time
Category 3	An individual with a disability that seriously limits one or more functional capacities and does not require multiple services over an extended period of time

¹ Functional capacities include mobility, communication, self-care, self-direction, work tolerance, and work skills.

We found considerable variation among the workforce development areas in the percentages of applicants determined ineligible and placed in category 1 and category 2.

We determined the results of the eligibility determinations DVR made from October 2011 through March 2015 and found considerable variation among the workforce development areas in the percentage of applicants determined ineligible, as shown in Table 12. We also found considerable variation among the workforce development areas in the percentages of applicants placed in category 1 and in category 2. The available information did not allow us to determine the reasons for this variation.

Table 12

Results of Eligibility Determinations¹
October 2011 through March 2015

Workforce Development Area	Applicants	Applicants Determined Eligible and Placed in:			Applicants Determined Ineligible
		Category 1	Category 2	Category 3	
West Central	3,051	34.8%	58.1%	2.3%	4.8%
Fox Valley	5,136	23.7	71.1	1.2	3.9
South Central	6,008	23.0	71.3	2.0	3.7
Milwaukee	9,803	25.9	69.6	0.9	3.6
Northwest	1,459	18.2	77.3	2.4	2.1
North Central	3,793	29.2	67.4	1.7	1.7
Bay Area	4,536	24.6	72.8	1.1	1.5
Washington, Ozaukee, Waukesha	4,143	27.9	68.5	2.2	1.5
Western	2,684	43.6	55.0	0.5	0.9
Southeast	4,907	25.1	72.8	1.4	0.7
Southwest	2,436	23.1	75.3	1.1	0.5
Statewide	47,956	26.7	69.3	1.5	2.5

¹ Workforce development areas are arranged by the percentage of applicants determined ineligible.

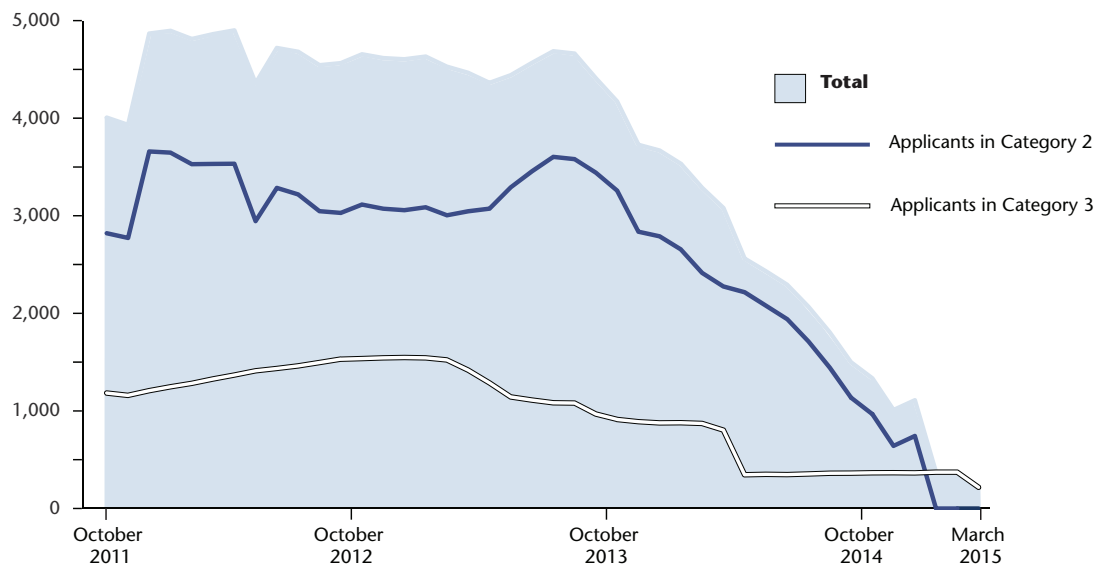
We considered those on the waiting list to be eligible applicants. Among cases closed from October 2011 through June 2015, eligible applicants in category 1 spent an average of 6.9 days on the waiting list before DVR removed them from the waiting list and began to serve them. Those in category 2 spent an average of 106.0 days on the waiting list. During our audit period, DVR indicated that it had sufficient funding to serve only those in category 1 and in

category 2, while those in category 3 remained on the waiting list and did not receive services.

The number of eligible applicants on the waiting list increased from 4,006 in October 2011 to 4,900 in April 2012 and then remained relatively steady until September 2013, when the number on the waiting list decreased for 15 consecutive months. From January 2015 through March 2015, the waiting list included no eligible applicants in categories 1 or 2 because, according to DVR, 2013 Wisconsin Act 58 provided additional funding and staffing. However, the waiting list included 220 eligible applicants in category 3 in March 2015. Figure 5 shows the number of eligible applicants on the waiting list over time. It excludes eligible applicants in category 1 because, on average, less than one such eligible applicant was on the waiting list in a given month.

Figure 5

Number of Eligible Applicants on the Waiting List¹
 October 2011 through March 2015



¹ Excludes eligible applicants in category 1 because, on average, less than one such eligible applicant was on the waiting list in a given month.

Individualized Plans for Employment

Within 90 days after a participant is eligible for services, an individualized plan for employment must be completed, unless an extension is approved.

Within 90 days after a participant is eligible for services, including by having been removed from the waiting list, program policies require a counselor and the participant to complete a written individualized plan for employment, unless the participant, the counselor, and supervisory staff approve an extension to that 90-day period. Since July 2014, federal law has also required an individualized plan for employment to be completed within 90 days, unless an extension is approved. According to program policies, extensions are to be approved only for circumstances beyond the control of the participant and DVR.

An individualized plan for employment describes:

- the participant's specified employment outcome, which must be consistent with the participant's strengths, resources, priorities, concerns, abilities, capabilities, and career interests;
- the nature and scope of specific services to be provided so that the participant can achieve the employment outcome, entities that will provide the services, and timelines for initiating those services; and
- the timeline for achieving the employment outcome and the criteria for evaluating progress toward achieving it.

Federal law and program policies require an individualized plan for employment to be developed and implemented in a manner that affords a participant the opportunity to exercise informed choice in selecting an employment outcome, specific services, and the entities that will provide the services. Federal law and program policies also require a participant and counselor to review at least annually the individualized plan for employment and amend it as necessary. Our file review included the cases of 66 participants for whom individualized plans for employment were completed and 34 participants who left the program before individualized plans for employment were completed. A total of 46 of the 66 participants had individualized plans for employment with employment outcomes that did not change over time, whereas the remaining 20 participants each had individualized plans for employment with two to five different employment outcomes over time.

From October 2011 through March 2015, 78.7 percent of 28,276 individualized plans for employment were completed within

90 days, but the remaining 21.3 percent of plans were completed in more than 90 days, as shown in Table 13.

Table 13

Amount of Time Used to Complete Individualized Plans for Employment¹
October 2011 through March 2015

Days	Number	Percentage of Total
0 to 90	22,264	78.7%
91 to 100	1,061	3.8
101 to 120	1,465	5.2
121 to 150	1,423	5.0
151 to 180	807	2.9
181 to 270	947	3.3
More than 270	309	1.1
Subtotal	6,012	21.3
Total	28,276	100.0%

¹ Federal law and program policies require individualized plans for employment to be completed within 90 days, unless an extension is approved.

DVR did not approve extensions for 2,027 individualized plans for employment not completed within 90 days from October 2011 through March 2015.

We determined the extent to which supervisory staff approved extensions for the 6,012 individualized plans for employment not completed within 90 days from October 2011 through March 2015. We found that extensions:

- had been approved for 3,985 individualized plans for employment; and
- had not been approved for 2,027 individualized plans for employment, which represented 7.2 percent of the 28,276 plans.

DVR indicated that some delays in completing individualized plans for employment occurred because participants did not maintain regular contact with counselors, and because some participants initially suggested employment outcomes inconsistent with their skills and capabilities, which required counselors to work with the

participants to identify more appropriate employment outcomes. Our file review included cases in which individualized plans for employment were not completed in a timely manner. For example:

- A participant's individualized plan for employment was completed 217 days after the participant became eligible for services. Completion took this long, in part, because DVR was reviewing the participant's plan for starting a business. No attempt was made to obtain an extension.
- A second participant's individualized plan for employment was completed 178 days after the participant became eligible for services. The delay occurred, in part, because the counselor requested a vocational evaluation to determine the participant's abilities. The evaluation began three months after the participant became eligible for services and took two months to complete. No attempt was made to obtain an extension.

Not completing an individualized plan for employment in a timely manner can have negative consequences, including a delay in a participant obtaining employment or a participant not retaining employment. Although some delays occurred because of factors outside of DVR's control, other delays could have been avoided if DVR had acted in a timely manner.

Recommendation

We recommend the Department of Workforce Development comply with federal law and its policies by consistently completing each individualized plan for employment within 90 days after a participant is eligible for services or by approving an extension to complete the individualized plan for employment.

Per Participant Expenditures

In FY 2014-15, three workforce development areas—Milwaukee, South Central, and Washington, Ozaukee, Waukesha—had the largest total expenditures.

As shown in Table 14, three workforce development areas—Milwaukee, South Central, and Washington, Ozaukee, Waukesha—had the largest total expenditures in FY 2014-15. These three workforce development areas also had the largest numbers of participants. From FY 2011-12 through FY 2014-15, expenditures in all workforce development areas increased, including by 66.7 percent in the North Central workforce development area and by 50.0 percent in the Western workforce development area.

Increases in these two workforce development areas occurred, in part, because of expenditures for farm equipment. From FY 2013-14 through FY 2014-15, expenditures in the Washington, Ozaukee, Waukesha workforce development area increased by 25.6 percent, in part, because of transportation, supported employment, and job search assistance expenditures.

Table 14

Program Expenditures, by Location
(in millions)

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Central Office	\$ 7.6	\$ 7.2	\$ 7.6	\$ 8.7
Workforce Development Area				
Milwaukee	10.1	11.2	11.7	12.6
South Central	10.4	9.9	10.0	11.4
Washington, Ozaukee, Waukesha	8.0	8.0	8.2	10.3
North Central	5.1	5.7	7.0	8.5
West Central	6.1	6.0	6.3	7.7
Fox Valley	7.2	7.1	7.5	7.5
Western	5.0	5.8	6.6	7.5
Southeast	6.4	6.4	6.8	7.4
Bay Area	6.0	6.2	6.6	7.3
Southwest	3.4	3.5	3.6	4.8
Northwest	2.6	3.0	3.0	3.1
Subtotal	78.1	80.1	84.9	96.7
Promise Grant	0.0	0.0	0.6	4.0
Total	\$78.1	\$80.1	\$85.5	\$100.7

Program policies require each participant to be served in the manner most appropriate to his or her unique disabilities, specified employment outcome, and needs. Before providing services, policies require staff to determine if comparable services could instead be provided through other programs or the participant's health insurance or employee benefits. Regardless of whether comparable services exist, policies require a participant to be provided an eligibility assessment, counseling and guidance, placement services, and rehabilitation technology. Policies require a given service to be the least-cost option

that meets a participant’s needs. A participant preferring a more costly service must generally pay the additional cost.

We found considerable variation among workforce development areas in annual average expenditures for services per participant.

As shown in Table 15, we found considerable variation among workforce development areas in annual average expenditures for services per participant from FFY 2011-12 through FFY 2013-14. In FFY 2013-14, for example, the Western workforce development area spent 163.4 percent of the statewide average per participant, while the Milwaukee workforce development area spent 72.8 percent of the statewide average per participant. 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. Appendix 3 provides additional information about average expenditures per participant in each workforce development area during each of the three years. We also calculated annual median expenditures for services per participant and found similar variation among workforce development areas.

Table 15

Annual Average Expenditures for Services per Participant, by Workforce Development Area¹

Workforce Development Area	Percentage of the Statewide Average			Average in FFY 2013-14
	FFY 2011-12	FFY 2012-13	FFY 2013-14	
Western	151.7%	167.4%	163.4%	\$2,555
North Central	115.2	118.7	145.4	2,272
West Central	160.5	141.8	137.9	2,156
Northwest	142.7	119.3	117.6	1,838
Southwest	93.7	110.9	104.5	1,633
South Central	112.2	104.4	103.7	1,621
Washington, Ozaukee, Waukesha	109.3	103.4	100.7	1,575
Fox Valley	94.0	91.5	88.0	1,375
Southeast	101.5	92.7	87.2	1,363
Bay Area	81.1	74.9	75.6	1,181
Milwaukee	63.0	73.6	72.8	1,138
Statewide	100.0	100.0	100.0	1,563

¹ Excludes individuals while on the waiting list. Shaded cells indicate annual average expenditures for services per participant that were less than the statewide average. A federal fiscal year starts on October 1 and ends on September 30.

We analyzed FFY 2013-14 average expenditures per participant in category 1 and in category 2 and found considerable variation among the workforce development areas. For example, the average expenditures per participant in category 1 ranged from 137.8 percent of the statewide average in the Northwest workforce development area to 64.4 percent of the statewide average in the Milwaukee workforce development area. Average expenditures per participant in category 2 ranged from 200.6 percent of the statewide average in the Western workforce development area to 75.3 percent of the statewide average in the Bay Area workforce development area. Appendix 4 lists each workforce development area's average expenditures per participant in category 1 and in category 2.

Expenditures for certain types of services, such as rehabilitation technology, help to explain the variation in average expenditures per participant in FFY 2013-14. The Western workforce development area, which served a number of participants who needed farm equipment, spent 402.8 percent of the statewide average on rehabilitation technology. In contrast, the Milwaukee workforce development area spent 29.9 percent of the statewide average on rehabilitation technology.

Program policies contain guidance but few detailed procedures on how policies must be implemented.

The variation in annual average expenditures per participant may have also been caused, to some extent, by program policies. DVR's August 2014 policy manual, which provides counselors with guidance on how to serve participants, states that "there will be few detailed procedures on how these policies must be implemented" because each participant has unique needs, and because there is no one best way to accomplish the intent of the policies. Some DVR staff indicated to us that the current policy manual provides counselors with more flexibility to serve participants than was provided by the previous, more detailed policy manual. In contrast, other DVR staff indicated to us that the current manual does not provide sufficient detail.

In report 91-13 and report 85-20, we found that expenditures per participant varied widely throughout the state. In report 00-11, we found that expenditures per participant varied significantly and recommended that DWD report to the Joint Legislative Audit Committee on its efforts to develop, implement, and assess vocational rehabilitation policies and procedures to ensure that services are provided to participants consistently statewide.

During our current audit, DVR's central office indicated that it tries to ensure consistent service delivery statewide, including by providing training and ongoing guidance to staff, but that it does not regularly monitor variation in annual average expenditures per participant among workforce development areas. To some extent,

variation in annual average expenditures per participant is to be expected. Participants have unique disabilities and needs for services to achieve their specified employment outcomes, and the cost and availability of particular services likely varies throughout the state. However, considerable variation in annual average expenditures per participant could indicate that participants are not being served consistently statewide.

DVR should at least annually examine the variation in annual average expenditures per participant among workforce development areas.

DVR should at least annually examine the variation in annual average expenditures per participant among workforce development areas. If DVR determines that the variation is caused, at least in part, by inconsistencies in how participants are served among the workforce development areas, it should develop a plan to address the variation and ensure that participants are served consistently statewide. Although it is not possible to develop policies that anticipate every circumstance that could be faced by counselors and other staff, and policies that are too prescriptive remove the flexibility needed to serve participants with unique needs, additional training and policy guidance for counselors and other staff could help to ensure that participants are served consistently statewide.

Recommendation

We recommend the Department of Workforce Development at least annually:

- *examine the variation in annual average expenditures per participant among workforce development areas;*
- *assess whether the variation in annual average expenditures per participant among workforce development areas indicates that participants may not have been served consistently statewide; and*
- *develop and implement a plan, if necessary, to address the variation and ensure that participants are served consistently statewide.*

Direct Payments to Participants

In addition to paying entities to provide services, DVR made direct payments to participants for certain preapproved services. Program policies permitted counselors to reimburse participants and provide them with advance payments for certain expenditures incurred to help them achieve their employment outcomes. Such expenditures included bus passes, mileage associated with traveling to training

sites, and education-related expenses. Depending on the specific purpose of a direct payment and the date a counselor approved it, the policies required participants to provide different types of documentation, such as receipts. In August 2014, DVR revised its policies to require that education-related direct payments be made to a participant only when an educational institution will not accept payments from DVR itself.

Our file review found that counselors generally complied with policies for documenting direct payments to participants.

Because making direct payments to participants involves greater financial risk than paying entities to provide services, we determined the extent to which counselors followed the applicable documentation-related policies. We found that 22 of the 100 cases we reviewed involved participants who received at least one direct payment. In total, the 22 participants received 149 direct payments totaling \$153,800, including \$126,800 for education-related expenses, \$26,000 to reimburse participants for expenses such as mileage, computer equipment, and other work-related equipment, and \$1,000 for bus passes. The 149 payments ranged from \$11 for a weekly bus pass to \$22,000 for education-related expenses. We found that counselors generally complied with policies for documenting direct payments to participants, including by collecting receipts and other applicable information from participants.

Serving Participants

Our review of 100 cases closed indicated that DVR generally served these participants appropriately.

Our review of 100 cases closed from October 2014 through March 2015 indicated that DVR generally served the 100 participants associated with these cases appropriately, including by declining to provide services that appeared to be unnecessary for these participants to achieve the employment outcomes in their individualized plans for employment. For example:

- A participant with cerebral palsy received \$6,165 in services over a 16-month period. When the participant expressed an interest in obtaining a postsecondary degree, the counselor declined to provide financial assistance because postsecondary education was unnecessary for the participant to find a part-time clerical position, which was the specified employment outcome. The participant was not rehabilitated, and the case was closed.
- A dairy farmer with back and shoulder injuries received \$155,743 in services over a 16-month period in order to allow the participant to continue farming, which was the specified employment outcome. The counselor denied a

service provider's request to purchase \$7,318 in rehabilitation technology that would be needed for the participant to expand the farm and purchase more cows. The participant was rehabilitated, and the case was closed.

- A counselor found that a participant had requested to be reimbursed for expenses related to travel that had not occurred, did not reimburse the participant for these expenses, and warned that DVR would cease reimbursing travel expenses if the participant made additional reimbursement requests for travel that had not occurred. When the participant again made such a request, the counselor ceased reimbursing the participant for travel expenses. The participant was not rehabilitated, and the case was closed at the participant's request.

Our file review identified concerns with how DVR served some participants.

Our file review identified concerns with how DVR served some participants. DVR's State Plan, which is submitted annually to the federal government, requires counselors to maintain monthly contact with each participant, unless an individualized plan for employment specifies a different frequency of contact. Maintaining regular contact allows a counselor to assess a participant's ongoing progress toward achieving the specified employment outcome, ensure that the services DVR is funding are effective and appropriate, and suggest any needed adjustments to the provision of services or the employment outcome. Not maintaining regular contact can prolong the length of time a participant receives services and, as a result, increase DVR's costs, delay the participant's achievement of the employment outcome, or reduce the likelihood that the employment outcome is achieved.

A number of case files did not indicate that counselors attempted to contact participants at least monthly, as they are typically required to do.

A number of case files did not indicate that counselors attempted to contact participants at least monthly, as they are typically required to do. For example:

- A participant with autism, anxiety, obsessive-compulsive disorder, attention deficit hyperactivity disorder, and depression received \$22,841 in services over a period of more than eight years. The case file provides no indication that DVR staff attempted to contact the participant for periods of 2.5 months or more on 10 occasions, including periods of 7.0 months, 7.5 months, and 13.5 months. The participant was determined to be rehabilitated, and the case was closed.

- A participant with a neurological disorder, post-traumatic stress disorder, and other health issues received \$2,746 in services over a period of almost six years. The case file provides no indication that DVR staff attempted to contact the participant for periods of 2.5 months or more on six occasions, including one period of 5.0 months. The participant was not rehabilitated, and the case was closed.
- A participant with panic attacks and anxiety received \$12,070 in services over a period of more than seven years. The case file provides no indication that DVR staff attempted to contact the participant for two periods of 2.5 months, two periods of 3.0 months, and one period of 3.5 months. The participant was rehabilitated, and the case was closed.
- A participant who came off the waiting list learned that the counselor assigned to help develop the individualized plan for employment was on leave. The case file provides no indication that DVR staff attempted to contact the participant for the following 3.5 months. A counselor subsequently helped to develop the individualized plan for employment, which was completed 170 days after the participant was activated from the waiting list. As noted, policies generally require an individualized plan for employment to be completed within 90 days. The participant was rehabilitated, and the case was closed.

Federal law and program policies require an individualized plan for employment to include a specific employment outcome. We found one case in which a counselor approved an individualized plan for employment, as well as several plan amendments, that did not specify an employment outcome, but instead indicated that the participant wanted to complete various educational programs. The participant, who had autism, obsessive-compulsive disorder, attention deficit hyperactivity disorder, anxiety, and depression, received \$22,841 in services, including \$19,552 for postsecondary education, over a period of more than eight years. While in the program, the participant obtained a bachelor's degree and began working in the food service industry in a position that did not require a bachelor's degree. This position differed from the participant's specified employment outcome of obtaining clerical or data entry employment, which was reflected in an individualized plan for employment completed more than seven years after the

participant entered the program. The participant was determined to be rehabilitated, and the case was closed.

Program policies allow counselors to close cases if participants do not maintain contact with them. Before closing a case, however, a counselor must make multiple attempts to contact the participant and must use multiple methods to do so. Our file review found that counselors generally attempted to contact a participant before closing a case. However, we found one case involved a participant who missed a scheduled meeting to develop an individualized plan for employment. The case file did not indicate that DVR staff subsequently attempted to contact the participant, as required by program policies. The participant was not rehabilitated, and the case was closed.

Negative consequences can occur if vocational rehabilitation counselors do not consistently comply with DVR's State Plan, federal law, and program policies. Not being contacted by a counselor at least monthly, or not having a specific employment outcome included in the individualized plan for employment, can delay a participant obtaining employment or result in a participant not retaining employment. In addition, counselors may close cases prematurely if they do not first make multiple attempts, by multiple methods, to contact participants.

Recommendation

We recommend the Department of Workforce Development ensure that vocational rehabilitation counselors consistently comply with:

- *the Division of Vocational Rehabilitation's State Plan by attempting to contact each participant at least monthly;*
- *federal law and program policies by including a specific employment outcome in each participant's individualized plan for employment; and*
- *program policies by making multiple attempts, by multiple methods, to contact a participant before closing the case.*

■ ■ ■ ■

Participant Outcomes ■

DVR can close a case for various reasons, including when a participant is no longer interested in receiving services, does not maintain contact, or is rehabilitated.

DVR can close a case for various reasons, including when a participant is no longer interested in receiving services or does not maintain contact with DVR. A case is also closed after a participant achieves the employment outcome in the individualized plan for employment and is rehabilitated. The program's annual rehabilitation rate improved in recent years, but we found that the rate may be inaccurate. We also found that rehabilitation rates varied considerably among workforce development areas and based on various demographic characteristics of the participants.

Case Closure

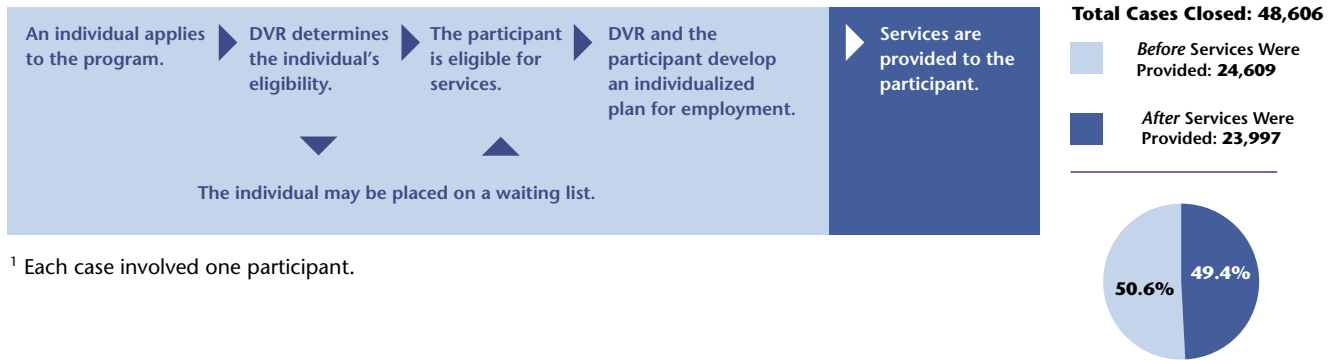
From October 2011 through March 2015, DVR closed 48,606 cases involving participants eligible for services, including 20,166 cases closed (41.5 percent of the total) because the participants were no longer interested in receiving services, 13,874 cases closed (28.5 percent) because the participants were rehabilitated, and 7,876 cases closed (16.2 percent) because the participants could not be located or did not respond to DVR's attempts to contact them. Cases also were closed because participants were unable to remain in the program as a result of deteriorating health or disabilities that were too severe.

DVR closed 50.6 percent of cases before having provided the participants with any services.

We found that DVR closed 50.6 percent of the 48,606 cases before having provided the participants with any services, as shown in Figure 6. This included 19,039 cases closed before individualized plans for employment were completed and 5,570 cases closed after individualized plans for employment were created but before any services were provided. Each case involved one participant.

Figure 6

Closure of Participant Cases Before and After Services Were Provided¹
 October 2011 through March 2015



¹ Each case involved one participant.

A case may be closed for various reasons before any services are provided. A participant may find employment without DVR's assistance, or a participant may have applied to the program only at the suggestion of a different public assistance program, subsequently learned more about the vocational rehabilitation program and its requirements, and decided not to participate. DVR indicated that its decision in October 2013 to require program applications to be completed in person has reduced the number of participants who do not follow through with program participation.

Our review of 100 cases included cases closed before any services were provided. For example:

- A participant with depression and arthritis in his neck was activated from the waiting list. DVR made at least four unsuccessful attempts to contact the participant over a 93-day period before closing the case.
- A participant with a cognitive learning disability, a back injury, and depression worked with a counselor to complete an individualized plan for employment. Before providing any services, DVR made multiple unsuccessful attempts to contact the participant and closed the case four months later.

DVR believes it closes few cases because participants are concerned about obtaining higher-paid employment that will cause them to lose other public assistance benefits, such as Medical Assistance,

although DVR acknowledged this sometimes occurs. Because DVR believes most participants want to work as much as their disabilities allow, it helps participants to identify employment outcomes that do not result in a loss of income as a result of their employment. Our file review found examples of participants who declined services because of such concerns. We also found examples of participants who found part-time employment that allowed them to continue receiving public assistance benefits, and participants who obtained full-time employment that allowed them to cease receiving public assistance benefits.

DVR spent \$177.6 million on services for the participants associated with the 48,606 cases closed from October 2011 through March 2015. It spent an average of \$9,290 per case involving participants who were rehabilitated, and an average of \$4,810 per case involving participants who received services but were not rehabilitated.

Participants who received services and whose cases were closed from October 2011 through March 2015 were in the program an average of 2.4 years.

Participants who received services and whose cases were closed from October 2011 through March 2015 were in the program an average of 2.4 years and a median of 1.8 years, excluding time spent on the waiting list. Rehabilitated participants were in the program an average of 2.3 years, while those who were not rehabilitated were in the program an average of 2.5 years. Table 16 shows the length of time all participants who received services were in the program.

Table 16

Length of Time Participants Who Received Services Were in the Program¹
October 2011 through March 2015

Time	Participants	Percentage of Total
1 to 90 Days	30	0.1%
91 to 180 Days	850	3.5
181 to 365 Days	4,423	18.4
1.1 to 2.0 Years	7,822	32.6
2.1 to 3.0 Years	4,773	19.9
3.1 to 5.0 Years	3,920	16.3
More than 5.0 Years	2,179	9.1
Total	23,997	100.0%

¹ Includes participants whose cases were closed. Excludes the amount of time, if any, that participants spent on the waiting list.

Rehabilitation Rates

Although the program cannot be evaluated based solely on rehabilitation rates, in part, because participation is voluntary and participants may leave the program at any time, the federal government uses rehabilitation rates to help assess program performance. Rehabilitation rates can be calculated by multiple methods. The federal government calculates rehabilitation rates annually by requiring states to submit information on only those participants who had individualized plans for employment and received services before leaving the program.

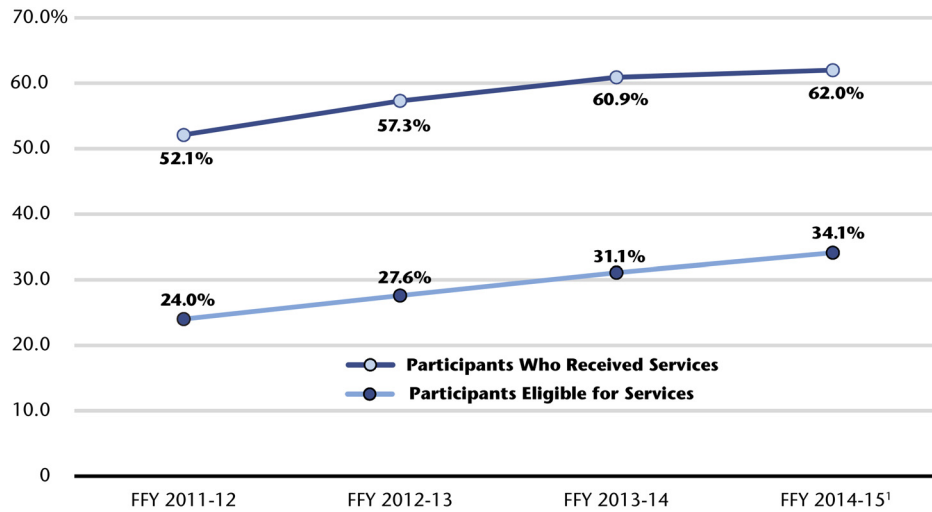
An alternative method for calculating rehabilitation rates considers all participants determined eligible for services, regardless of whether they received services. Compared to the federal government's method, this alternative method provides an indication of the extent to which all participants have been rehabilitated. As noted, the cases for 50.6 percent of participants were closed before participants received any services in recent years. These cases are excluded when calculating rehabilitation rates under the federal government's method, but they are included in the alternative method. We used both methods to determine rehabilitation rates.

Rehabilitation rates increased steadily from FFY 2011-12 through the first six months of FFY 2014-15.

As shown in Figure 7, both calculation methods indicate that rehabilitation rates increased steadily from FFY 2011-12 through the first six months of FFY 2014-15. DVR indicated that the rates increased because it reduced the size of the waiting list, which allowed it to serve participants more quickly. DVR indicated that doing so resulted in participants who tended to be more engaged with the program. In addition, DVR indicated that it emphasized to counselors the need for monthly contacts with participants, which it believes also increases participant engagement. We also note that the state's unemployment rate declined from 7.5 percent in October 2011 to 4.6 percent in March 2015.

Figure 7

Rehabilitation Rates, by Method
Cases Closed in a Given Federal Fiscal Year



¹ October 2014 through March 2015.

Under the federal government's method for calculating rehabilitation rates, 57.8 percent of the 23,997 participants who received services were rehabilitated from October 2011 through March 2015. Under the alternative method, 28.5 percent of all 48,606 participants determined eligible for services and whose cases were closed, regardless of whether the participants received services, were rehabilitated during the same 3.5-year period.

The federal government requires states to annually submit information that it uses to calculate rehabilitation rates. Information for FFY 2012-13 was the most recent available at the time of our audit. As shown in Table 17, Wisconsin's rehabilitation rate ranked fourth among seven midwestern states, and its rate was higher than the national average.

Table 17

Rehabilitation Rates, by State¹
FFY 2012-13

	Participants Whose Cases Were Closed	Percentage Rehabilitated
Iowa	3,637	62.8%
Indiana	7,663	60.7
Minnesota	4,767	59.6
Wisconsin	6,695	57.4
Illinois	10,281	53.6
United States	— ²	53.6
Michigan	13,354	51.4
Ohio	9,219	40.3

¹ As reported by the federal Rehabilitation Services Administration. Includes only participants who received services. The rehabilitation rate reported for Wisconsin differs slightly from the rate we calculated with DVR's data.

² The number of participants was not reported.

During our audit period, the federal government required states to achieve an annual rehabilitation rate of 55.8 percent of participants who received services. If a state did not achieve this rate and did not meet other federal performance standards, the federal government could require it to develop a program improvement plan for improving the state's performance. Although DVR's rehabilitation rate was less than 55.8 percent in FFY 2011-12, DVR met a sufficient number of other federal performance standards and, as a result, was not required to develop a program improvement plan.

The rehabilitation rate that the federal government annually calculates based on information submitted by DVR may be inaccurate.

The rehabilitation rate that the federal government annually calculates based on information submitted by DVR may be inaccurate. First, 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. Although federal law and program policies require that a participant be considered rehabilitated only if the provided services contributed to achievement of the employment outcome, the services that were provided in 2 of the 100 case files we reviewed did not contribute to achievement of the employment outcomes:

- A participant who had a cognitive disability worked part-time in a retail establishment and wanted to become a stock clerk. The participant received a benefits analysis that explained how the participant's benefits from other public assistance programs would be affected by changes in the participant's employment earnings. The case file does not indicate that the benefits analysis helped the participant achieve the employment outcome, and the participant received no other services, including the vocational guidance and counseling and the on-the-job training listed in the individualized plan for employment. After the participant did not respond to multiple contact attempts, DVR considered the participant rehabilitated and closed the case.

- A participant with a cognitive disability received various services. At the time of application, the participant had worked part-time for eight years as a cashier but wanted to be employed as an animal caregiver, which was the employment outcome listed in the individualized plan for employment. After DVR provided \$1,450 in assessments to determine the participant's ability to work as an animal caregiver or in retail, the participant decided to continue employment as a cashier, and the individualized plan for employment was amended to list that employment outcome. Although DVR provided no services toward achievement of this employment outcome, it considered the participant rehabilitated and closed the case.

Second, 2 of the 100 case files we reviewed indicated that the two participants each received services after completion of individualized plans for employment, but DVR's data inaccurately indicated otherwise. The first participant, who had cerebral palsy, received \$3,965 in services after completion of an individualized plan for employment, while the second participant, who had a learning disability and attention deficit hyperactivity disorder, received \$2,030 in services after completion of an individualized plan for employment. The two participants did not achieve their employment outcomes and were not rehabilitated before their cases were closed. Under the federal government's method for calculating rehabilitation rates, participants who had individualized plans for employment and received services before leaving the program

should be considered. Because DVR's data indicated that these two participants did not receive any services after completion of their individualized plans for employment, DVR excluded these two participants from the information submitted to the federal government, which effectively increased the rehabilitation rate.

Recommendation

We recommend the Department of Workforce Development improve the accuracy of its annual rehabilitation rate by recording accurately:

- *whether a participant was rehabilitated; and*
- *whether an individualized plan for employment was completed and services were provided to a participant before a given case was closed.*

Variation in Rehabilitation Rates

Rehabilitation rates varied considerably among workforce development areas.

We examined in greater detail the rehabilitation rates of the 48,606 participants eligible to receive services, including those who did not actually receive services, and whose cases were closed from October 2011 through March 2015. We found that the rehabilitation rates varied considerably among workforce development areas. As shown in Table 18, rehabilitation rates ranged from 37.5 percent in the Washington, Ozaukee, Waukesha workforce development area to 20.2 percent in the Milwaukee workforce development area. We also calculated rehabilitation rates for participants who received services after completion of their individualized plans for employment, which is the method used by the federal government, and found similar variation, as shown in Appendix 5.

Table 18

Rehabilitation Rates, by Workforce Development Area
Cases Closed from October 2011 through March 2015

Workforce Development Area	Participants Eligible for Services		
	Rehabilitated	Total Cases	Percentage Rehabilitated ¹
Washington, Ozaukee, Waukesha	1,604	4,282	37.5%
West Central	1,060	2,938	36.1
South Central	2,094	6,141	34.1
Northwest	463	1,425	32.5
Southwest	822	2,581	31.8
Western	782	2,535	30.8
Bay Area	1,427	4,763	30.0
Statewide	13,874	48,606	28.5
North Central	984	3,524	27.9
Fox Valley	1,474	5,340	27.6
Southeast	1,085	4,800	22.6
Milwaukee	2,079	10,277	20.2

¹ Includes participants whose cases were closed after being determined eligible for services.

Rehabilitation rates also varied considerably based on employment status at the time of application. We found that the rehabilitation rate was:

- 47.0 percent for the 7,797 participants employed at the time of application; and
- 23.3 percent for the 31,486 participants unemployed at the time of application.

Rehabilitation rates also varied considerably based on various demographic characteristics. We found that the rehabilitation rate was:

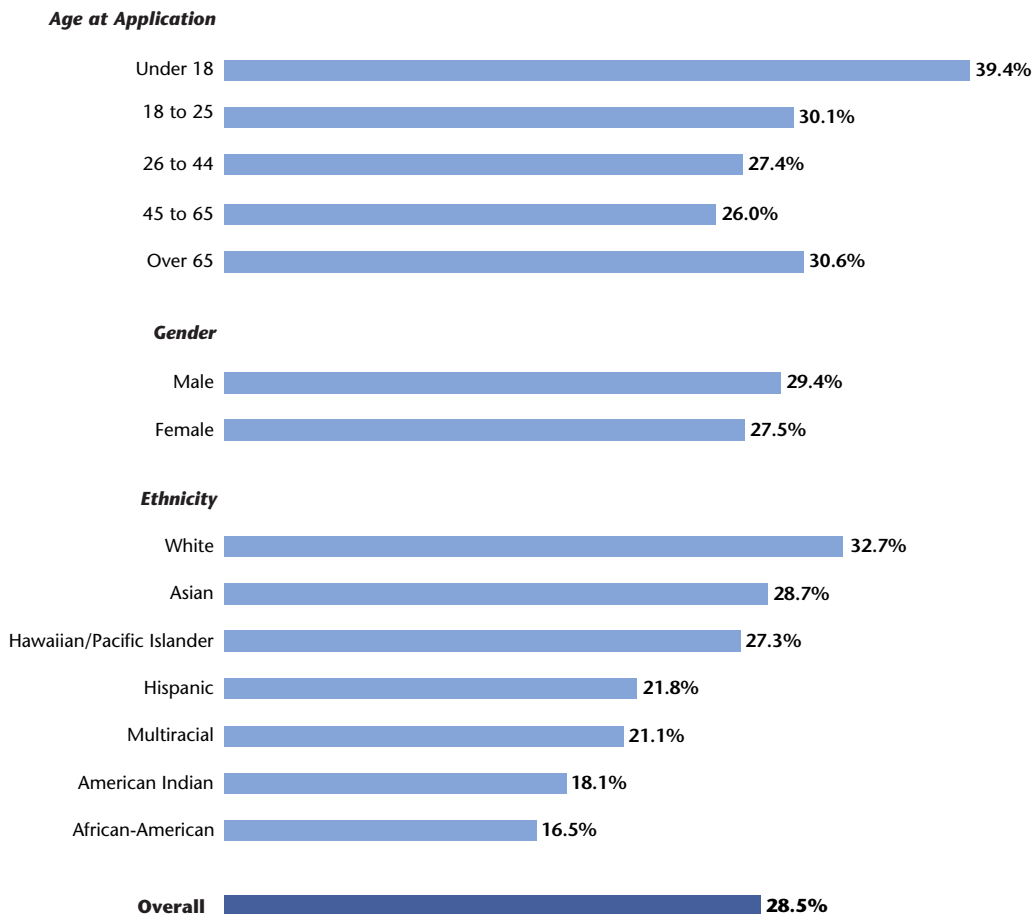
- 26.0 percent for the 11,691 participants who had not graduated from high school at the time of application;
- 27.7 percent for the 18,568 participants whose highest level of educational attainment was a high school diploma or equivalent at the time of application;

- 32.7 percent for the 4,965 participants whose highest level of educational attainment was an associate’s degree at the time of application; and
- 39.8 percent for the 2,774 participants whose highest level of educational attainment at the time of application was either a bachelor’s degree or a master’s degree.

Figure 8 provides additional information about the 13,874 participants rehabilitated from October 2011 through March 2015. Participants who applied for the program before age 18 were more likely to be rehabilitated than those who applied when older. Men and women had similar rehabilitation rates. White participants had an above-average rate of rehabilitation, while American Indian and African-American participants had the lowest rehabilitation rates.

Figure 8

Percentage of Participants Rehabilitated, by Demographic Characteristic¹
 Cases Closed from October 2011 through March 2015



¹ Includes participants whose cases were closed after being determined eligible for services.

We found that participants in category 1 whose cases were closed had a rehabilitation rate of 31.3 percent, and participants in category 2 whose cases were closed had a rehabilitation rate of 27.6 percent.

We also determined rehabilitation rates for participants with different types of disabilities. As shown in Table 19, participants with deafness/hearing disabilities as their primary disability had a rehabilitation rate of 49.1 percent, while participants with respiratory disabilities as their primary disability had a rehabilitation rate of 20.4 percent. We also calculated rehabilitation rates for participants who received services after completion of their individualized plans for employment, which is the method used by the federal government, and found similar variation, as shown in Appendix 5.

Table 19

Rehabilitation Rates, by Primary Disability
Cases Closed from October 2011 through March 2015

Primary Disability	Participants Eligible for Services		
	Rehabilitated	Total Cases	Percentage Rehabilitated ¹
Deafness/Hearing	840	1,712	49.1%
Communicative	528	1,190	44.4
Cognitive	4,453	12,785	34.8
Blindness/Visual	305	963	31.7
Orthopedic/Neurological	2,488	8,625	28.8
Overall	13,874	48,606	28.5
Deaf-Blindness	23	81	28.4
Other Physical	712	3,096	23.0
Psychosocial	2,696	11,715	23.0
Physical Debilitation	946	4,136	22.9
Other Mental	807	3,930	20.5
Respiratory	76	373	20.4

¹ Includes participants whose cases were closed after being determined eligible for services.

DVR indicated that rehabilitation rates differed for various reasons, including the socioeconomic backgrounds of participants, the labor market in different areas of the state, the availability of transportation to places of employment, and the extent to which participants moved their residences. In addition, DVR indicated that counselor turnover, which can affect the continuity of service provision, tends to increase the likelihood that participants are not rehabilitated.

DVR's central office indicated that it monitors rehabilitation rates in each workforce development area and takes action when the rate in a given workforce development area falls below the federally required rehabilitation rate, such as by working with the director of the workforce development area to increase the rate. In addition, DVR indicated that it is attempting to reduce variation in rehabilitation rates, including by increasing its outreach efforts to high school students and their families through activities funded by the Promise Grant, as described in Appendix 1. DVR also indicated that its efforts to coordinate public assistance services across agencies in the Milwaukee area is intended, in part, to decrease the variation in rehabilitation rates between Milwaukee and other areas of the state. DVR indicated that it is also providing its counselors with cultural competency training.

To some extent, variation in rehabilitation rates is to be 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 in rehabilitation rates could indicate that participants are not being served consistently statewide.

DVR should at least annually examine the variation in rehabilitation rates among workforce development areas and among participants with different characteristics.

DVR should at least annually examine the variation in rehabilitation rates among workforce development areas and among participants with different characteristics, including employment status at application and demographic characteristics. If DVR determines that the variation is caused, at least in part, by inconsistencies in how participants are served, it should develop a plan to address the variation and ensure that participants are served consistently statewide. DVR could, for example, provide counselors and other staff with additional training and guidance on how to help participants to achieve their specified employment outcomes.

Recommendation

We recommend the Department of Workforce Development at least annually:

- *examine the variation in rehabilitation rates among workforce development areas and among participants with different characteristics;*
- *assess whether the variation in rehabilitation rates indicates that participants may not have been served consistently statewide; and*
- *develop and implement a plan, if necessary, to address the variation and ensure that participants are served consistently statewide.*

Post-Participation Employment

Questions have been raised about the employment of rehabilitated participants, including how much they earn and how many hours per week they work after leaving the program. DVR requests that former participants inform it about their hourly wages and weekly hours worked in their first jobs after rehabilitation, and it uses Unemployment Insurance data to determine relevant information for those who do not respond.

Available information indicates that participants rehabilitated from October 2011 through March 2015 earned an average of \$11.42 per hour in their first jobs after rehabilitation.

The available information indicates that 13,874 participants rehabilitated from October 2011 through March 2015 earned an average of \$11.42 per hour in their first jobs after rehabilitation and worked an average of 27.0 hours per week. As shown in Table 20, 58.0 percent of rehabilitated participants earned from \$7.25 per hour (the minimum wage) to \$9.99 per hour, and 32.8 percent worked 40 hours or more per week.

Table 20

Rehabilitated Participants: Hourly Wages and Weekly Hours Worked¹ Cases Closed from October 2011 through March 2015

	Rehabilitated Participants	Percentage of Total
Hourly Wages		
Less than \$7.25	8	0.1%
\$7.25 to \$9.99	8,046	58.0
\$10.00 to \$14.99	3,777	27.2
\$15.00 to \$19.99	1,055	7.6
\$20.00 or More	988	7.1
Total	13,874	100.0%
Weekly Hours Worked		
0 to 9.9 Hours	1,029	7.4%
10.0 to 19.9 Hours	2,512	18.1
20.0 to 29.9 Hours	4,013	28.9
30.0 to 39.9 Hours	1,771	12.8
40.0 or More Hours	4,545	32.8
Total	13,870	100.0%

¹ Pertains to the first jobs of participants after rehabilitation. Information for the weekly hours worked by four participants was unavailable.

As shown in Table 21, the average hours worked per week by rehabilitated participants in Wisconsin was the lowest among seven midwestern states. The average hourly pay of rehabilitated participants in Wisconsin was fourth among seven midwestern states and was lower than the national average.

Table 21

Rehabilitated Participants: Average Hours Worked per Week and Average Hourly Pay¹
FFY 2012-13

	Average Hours Worked per Week	Average Hourly Pay
Illinois	27.0	\$10.67
Iowa	33.1	11.67
Indiana	29.0	11.47
Michigan	31.3	12.04
Minnesota	28.8	11.09
Ohio	28.1	10.23
Wisconsin	26.7	11.34
United States	— ²	11.40

¹ As reported by the federal Rehabilitation Services Administration. Includes only participants who received services. The results reported for Wisconsin differ slightly from the results we calculated with DVR's data.

² The average hours worked per week was not reported.

Our file review included examples of participants who were rehabilitated, including:

- A participant who was unable to continue working as a driver in the construction industry and had diabetes, hearing loss, and a recent brain injury received \$1,050 in services over a 14-month period. The participant gained full-time employment as a computer support specialist, earning \$24.90 per hour.
- A participant with a learning disability and depression received \$1,969 in services over an

eight-month period. The participant gained part-time, seasonal employment at a yard waste collection site, earning \$7.63 per hour. The participant was satisfied with this employment outcome.

- A participant who had worked in a position for 30 years and had hearing loss received \$3,317 in services, including a hearing assessment and hearing aids, over a five-month period. The services allowed the participant to retain the full-time position.

A survey of former participants found that 56.3 percent were either extremely or very satisfied with DVR.

In March 2015, DVR hired the UW Survey Center to survey 2,023 former participants whose cases were closed from October 2013 through September 2014. In total, 1,140 former participants (56.4 percent) responded to the survey. In response to a question asking the former participants about their satisfaction with DVR:

- 56.3 percent indicated that they were either extremely or very satisfied;
- 31.1 percent indicated that they were either somewhat or slightly satisfied;
- 11.8 percent indicated that they were not at all satisfied; and
- 0.7 percent either did not answer or were uncertain about their level of satisfaction.

Former Participants Who Return to the Program

Former participants may apply to the program because federal law requires services to be provided to individuals without consideration of prior cases. Questions have been raised about the extent to which individuals participate in the program multiple times. Therefore, we determined the extent to which participants whose cases were closed from October 2011 through March 2015 had previously been in the program. Because DVR indicated that it retains case-related information for seven years after case closure, the data it provided us likely do not include all prior cases.

A total of 20.0 percent of participants whose cases were closed from October 2011 through March 2015 had previously been in the program.

The 48,606 cases closed from October 2011 through March 2015 involved 45,849 unique participants. As shown in Table 22, 80.0 percent of these 45,849 participants whose cases were closed from October 2011 through March 2015 had not previously been in the program, while 20.0 percent had previously been in the program. We found that:

- 48.9 percent of the 9,176 participants returned after having received no services during their prior time in the program;
- 26.1 percent had been rehabilitated during their prior time in the program; and
- 25.0 percent had received services but had not been rehabilitated during their prior time in the program.

Table 22

**Number of Times Participants Had Previously Been in the Program¹
Through March 2015**

Number	Participants	Percentage of Total
0	36,673	80.0%
1	7,509	16.4
2	1,371	3.0
3	227	0.5
4	53	0.1
5	13	<0.1
6	2	<0.1
7	1	<0.1
Subtotal	9,176	20.0
Total	45,849	100.0%

¹ Includes participants whose cases were closed from October 2011 through March 2015.

Future Considerations ■

Program expenditures and the number of participants increased in recent years, and they may continue to increase in future years as a result of recent changes to federal law. The cost to serve additional participants in future years is currently unknown, in part, because the details for implementing the recent changes to federal law have not yet been established. It will be important for DVR to serve these additional participants consistently, particularly because we found considerable variation among workforce development areas in annual average expenditures for services per participant and rehabilitation rates. It will also be important for DWD either to promulgate one statutorily required rule or request that the Legislature modify statutes to remove this requirement. We recommend DWD report to the Joint Legislative Audit Committee on its plans for complying with the recent changes to federal law and how it will address each of our other audit recommendations.

Administrative Rule

Section 47.03 (11), Wis. Stats., requires DWD to provide vocational rehabilitation services, including vocational training and a Supervised Business Initiatives program, to participants with severe disabilities. Statutes allow DWD to own, lease, manage, supervise, or operate businesses for the benefit of such participants, with the goal of these individuals operating their own businesses. Statutes allow DWD to charge each business a portion of the Supervised Business Initiatives program's expenses, and they require DWD to

promulgate rules that establish the formula for how it will charge such expenses.

DWD should promulgate a statutorily required rule.

DVR indicated that it has not established a formal Supervised Business Initiatives program, although it provides the relevant services to participants with severe disabilities. It also indicated that no Supervised Business Initiatives program expenses have been charged, and the statutorily required rule has not been promulgated. DWD should promulgate the statutorily required rule. However, if it believes this rule is unnecessary, it could request that the Legislature modify statutes to remove this requirement.

Recommendation

We recommend the Department of Workforce Development comply with statutes by promulgating a rule for charging relevant businesses with a portion of its expenses to operate the Supervised Business Initiatives program.

Workforce Innovation and Opportunity Act

The federal Workforce Innovation and Opportunity Act of 2014 affects how DVR will be required to serve participants.

The federal Workforce Innovation and Opportunity Act of 2014 affects how DVR will be required to serve participants. Since FFY 2014-15, the Act has required DVR to reserve at least 15.0 percent of its federal rehabilitation grants each federal fiscal year for high school students with disabilities. DVR indicated that it is conducting outreach efforts to high schools around the state, which has resulted in increased participation among high school students.

Beginning in July 2015, the Act modified the performance indicators DVR must report to the federal government. Rehabilitation rates must now be measured as the percentage of all former participants employed during the second and fourth quarters after leaving the program. The Act also now requires DVR to report additional performance measures, including those that focus on the educational attainment of participants.

Beginning in July 2016, federal law will require DVR to ensure that all individuals with disabilities who are paid less than the federal minimum wage receive certain services.

Beginning in July 2016, the Act will require DVR to ensure that all individuals with disabilities in the state who are paid less than the federal minimum wage receive annual career counseling, information, and referral services, to be provided either by DVR or another entity. DWD estimates that there are approximately 9,000 such individuals in the state. In October 2015, DVR indicated it was preparing a request for proposal for the provision of such services, but it does not plan to issue a request for proposal until the federal government promulgates rules for administering the Act's

requirements. Until the rules are promulgated, which may occur early in 2016, DVR indicated that it cannot estimate the costs of serving these individuals.

Beginning in July 2016, the Act will also generally prohibit individuals with disabilities who are 24 years old or younger from being paid less than the federal minimum wage, unless they received certain program services, they were not rehabilitated, and their cases were closed. In addition, an entity other than a small business may not pay an individual, regardless of age, less than the federal minimum wage unless DVR provides the participant with career counseling and certain other services at least annually. DVR indicated that these requirements will likely require it to provide additional services because more individuals will be interested in applying to the program, but it indicated that it is uncertain how much these services will cost.

The Act provides no additional federal funds to cover the costs of complying with the new requirements. DVR indicated that it may need to once again place some eligible applicants in category 2 on the waiting list in order to have sufficient funds to provide services to the individuals specified in the Act.

DWD should inform the Legislature on how it plans to comply with the new service requirements in the federal Workforce Innovation and Opportunity Act, particularly if it plans to request additional state funds to serve participants or plans to place additional eligible applicants on the waiting list and not serve them. If it does plan to place additional eligible applicants on the waiting list, it will be important for DWD to provide the Legislature with estimates of how many such eligible applicants may be placed on the waiting list in the coming months and how long they may need to remain on the waiting list before being removed from it and provided with program services.

Recommendation

We recommend the Department of Workforce Development report to the Joint Legislative Audit Committee by June 30, 2016, on:

- *its plans to comply with the federal Workforce Innovation and Opportunity Act, including whether it plans to request additional state funds; and*
- *the status of its efforts to address each of our audit recommendations.*

Appendices ■

Appendix 1

Promise Grant

In September 2013, the U.S. Department of Education awarded Wisconsin a \$32.5 million Promise Grant. By funding vocational rehabilitation and related services for individuals ages 14 through 16 in the Supplemental Security Income (SSI) program, which provides payments to low-income families with individuals with disabilities, the Promise Grant is intended to reduce the likelihood that these individuals will remain in the SSI program as adults. Studies cited by the U.S. Department of Education indicate that approximately 60 percent of children remain in the SSI program as adults, and that young adults in the SSI program tend to have lower rates of employment and educational attainment, and higher rates of arrest, than that of the overall population. In order to receive a Promise Grant, a state must agree to provide certain federally required services, as well as any additional services that the state proposed in its grant application, and to ensure that its various state agencies work together to serve the designated individuals.

DVR was authorized 14.0 FTE federally funded project positions in FY 2013-14 and 8.0 FTE federally funded project positions in FY 2014-15 to implement the Promise Grant. DVR can spend the Promise Grant over five years, with no matching funds required. It plans to use the funds to identify and enroll 2,000 individuals ages 14 through 16 by April 30, 2016. As indicated in the grant application, each individual who enrolls will receive \$30 in gift cards as an incentive.

DVR is randomly assigning the 2,000 individuals to one of two equally sized groups. The first group of 1,000 individuals is invited to apply to receive traditional vocational rehabilitation services. If the individuals apply, they will be eligible to develop an individualized plan for employment and receive services in the same manner as that of any other participant. DVR intends these individuals to serve as a control group.

The second group of 1,000 individuals will work with counselors to develop individualized plans for employment that identify any needed vocational rehabilitation and related services. In addition, each individual will be offered certain services, such as online training in financial and literacy topics, and will be required to engage in trial work experiences at actual places of employment. Unlike participants receiving traditional vocational rehabilitation services, family members of these 1,000 individuals will also receive services, including job training and educational assistance. As explained in the grant application, each of the 1,000 individuals will receive his or her choice of an Apple iPad or Samsung tablet computer, which will facilitate a monthly video contact with a counselor and will allow the individual to complete the online training and various online surveys to assess the quality and effectiveness of the services provided. If an individual does not have a readily available Wi-Fi connection, DVR will pay for a one-year data plan costing \$40 per month. An individual who subsequently decides to cease involvement with DVR will be allowed to keep the tablet computer without reimbursing DVR.

DVR is working with a number of state agencies and other entities to administer the Promise Grant. For example, the departments of Children and Families, Public Instruction, and Health Services are helping to identify the 2,000 individuals. The Board for People with Developmental Disabilities, which advises the Legislature and state agencies on matters related

to developmental disabilities, is helping to provide oversight of grant-funded activities and is acting as a liaison with relevant advocacy groups. At the grant's conclusion, the Vocational Rehabilitation Institute at the University of Wisconsin-Stout will help to evaluate whether the Promise Grant was successful in serving the individuals.

From April 2014 through November 2015, DVR enrolled 1,366 of the 2,000 individuals (68.3 percent). Although DVR had only five more months to enroll the remaining 634 individuals before the end of April 2016, it indicated that it anticipates enrolling all 2,000 by then. DVR indicated that it increased the number of monthly attempts to contact individuals who may potentially enroll, and that an increased number of individuals enrolled in recent months.

DVR tracks Promise Grant expenditures, enrollment, and other related information separately from similar information for its traditional vocational rehabilitation program. In addition, a separate group of vocational rehabilitation counselors serve the individuals receiving Promise Grant-funded services. As a result, we did not examine the Promise Grant in detail as part of this audit effort.

Appendix 2

Participants, by County of Residence¹ October 2011 to March 2015

County	Participants	County	Participants	County	Participants
Adams	144	Iron	51	Price	191
Ashland	306	Jackson	203	Racine	2,613
Barron	497	Jefferson	771	Richland	275
Bayfield	130	Juneau	361	Rock	1,762
Brown	2,199	Kenosha	2,123	Rusk	156
Buffalo	95	Kewaunee	145	Sauk	547
Burnett	97	La Crosse	1,281	Sawyer	193
Calumet	411	Lafayette	93	Shawano	341
Chippewa	534	Langlade	164	Sheboygan	1,208
Clark	200	Lincoln	254	St. Croix	409
Columbia	547	Manitowoc	910	Taylor	179
Crawford	193	Marathon	1,645	Trempealeau	236
Dane	5,053	Marinette	405	Vernon	410
Dodge	948	Marquette	130	Vilas	140
Door	191	Menominee	65	Walworth	1,203
Douglas	339	Milwaukee	12,981	Washburn	126
Dunn	398	Monroe	596	Washington	1,373
Eau Claire	1,060	Oconto	318	Waukesha	3,697
Florence	47	Oneida	571	Waupaca	377
Fond du Lac	1,353	Outagamie	1,842	Waushara	203
Forest	69	Ozaukee	792	Winnebago	2,034
Grant	354	Pepin	35	Wood	828
Green	234	Pierce	147	<i>Out of State</i>	128
Green Lake	158	Polk	249	Total	60,984
Iowa	176	Portage	490		

¹ Excludes individuals on the waiting list.

Appendix 3

**Annual Average Expenditures for Services per Participant,
by Workforce Development Area¹**

Workforce Development Area	FFY 2011-12		FFY 2012-13		FFY 2013-14	
	Average	Percentage of the Statewide Average	Average	Percentage of the Statewide Average	Average	Percentage of the Statewide Average
Western	\$2,128	151.7%	\$2,594	167.4%	\$2,555	163.4%
North Central	1,616	115.2	1,839	118.7	2,272	145.4
West Central	2,252	160.5	2,196	141.8	2,156	137.9
Northwest	2,002	142.7	1,848	119.3	1,838	117.6
Southwest	1,315	93.7	1,719	110.9	1,633	104.5
South Central	1,575	112.2	1,618	104.4	1,621	103.7
Washington, Ozaukee, Waukesha	1,533	109.3	1,602	103.4	1,575	100.7
Fox Valley	1,320	94.0	1,418	91.5	1,375	88.0
Southeast	1,425	101.5	1,436	92.7	1,363	87.2
Bay Area	1,138	81.1	1,161	74.9	1,181	75.6
Milwaukee	883	63.0	1,141	73.6	1,138	72.8
Statewide	1,403	100.0	1,549	100.0	1,563	100.0

¹ Excludes individuals while on the waiting list. Shaded cells indicate annual average expenditures for services per participant that were less than the statewide average. A federal fiscal year starts on October 1 and ends on September 30.

Appendix 4

**Annual Average Expenditures for Services per Participant,
by Order of Selection Category¹**

FFY 2013-14

Participants in Category 1

(Category 1 includes individuals with a most significant disability that seriously limits four or more functional capacities in terms of an employment outcome and requires multiple services over an extended period of time.)

Workforce Development Area	Average	Percentage of the Statewide Average
Northwest	\$2,463	137.8%
North Central	2,400	134.3
West Central	2,267	126.8
Western	2,118	118.5
Southwest	2,116	118.4
Fox Valley	1,979	110.7
Washington, Ozaukee, Waukesha	1,899	106.3
South Central	1,792	100.3
Statewide	1,787	100.0
Southeast	1,625	90.9
Bay Area	1,390	77.8
Milwaukee	1,150	64.4

Participants in Category 2

(Category 2 includes individuals with a significant disability that seriously limits one to three functional capacities in terms of an employment outcome and requires multiple services over an extended period of time.)

Workforce Development Area	Average	Percentage of the Statewide Average
Western	\$2,938	200.6%
North Central	2,211	150.9
West Central	2,087	142.5
Northwest	1,656	113.0
South Central	1,543	105.3
Southwest	1,487	101.5
Statewide	1,465	100.0
Washington, Ozaukee, Waukesha	1,428	97.5
Southeast	1,251	85.4
Milwaukee	1,135	77.5
Fox Valley	1,132	77.3
Bay Area	1,103	75.3

¹ Excludes individuals while on the waiting list. Shaded cells indicate annual average expenditures for services per participant that were less than the statewide average.

Appendix 5

Rehabilitation Rates

Cases Closed from October 2011 through March 2015

	Percentage Rehabilitated ¹	
	Participants Eligible for Services	Participants Who Received Services ²
Workforce Development Area		
Washington, Ozaukee, Waukesha	37.5%	60.1%
West Central	36.1	64.0
South Central	34.1	61.5
Northwest	32.5	60.9
Southwest	31.8	61.9
Western	30.8	58.7
Bay Area	30.0	61.1
North Central	27.9	61.2
Fox Valley	27.6	57.2
Southeast	22.6	49.6
Milwaukee	20.2	50.3
Primary Disability		
Deafness/Hearing	49.1%	71.5%
Communicative	44.4	69.1
Cognitive	34.8	64.5
Blindness/Visual	31.7	54.2
Orthopedic/Neurological	28.8	56.0
Deaf-Blindness	28.4	52.3
Other Physical	23.0	53.7
Psychosocial	23.0	51.4
Physical Debilitation	22.9	53.6
Other Mental	20.5	50.1
Respiratory	20.4	49.4

¹ Includes participants whose cases were closed after being determined eligible for services.

² The federal government uses this method to calculate rehabilitation rates.

Response ■

December 11, 2015

Joe Chrisman
State Auditor
Legislative Audit Bureau
22 East Mifflin Street, Suite 500
Madison, Wisconsin 53703

Dear Mr. Chrisman,

Thank you for the opportunity to respond to the Legislative Audit Bureau's evaluation of the Department of Workforce Development's (DWD) Division of Vocational Rehabilitation (DVR) program expenditures, service delivery, and participant outcomes from October 2011 to March 2015. As Wisconsin's DVR is already an award-winning and nationally recognized system, we appreciate the LAB's thorough analysis and recommendations, and we look forward to implementing all of the LAB's recommendations as part of our commitment to excellence and continuous improvement.

Commitment to Excellence Ranks Wisconsin's DVR Top Among States

As the Legislature may be aware, DVR won the 2012 National Council on Rehabilitation Education (NCRE) President's Award for Excellence in Rehabilitation. The President's Award recognizes a truly superior state-federal vocational rehabilitation program and honors excellence among state agencies.

Wisconsin DVR senior leaders also were recognized twice, including as recently as 2014, as national leaders in serving people with disabilities and for raising public awareness about the contributions that people with disabilities bring to the workplace.

In January 2015, DWD announced the elimination of its DVR wait list for people with significant disabilities for the first time since October 2004. This achievement was made possible through Wisconsin Act 58, which Governor Walker signed in December 2013 with the bipartisan support of the Wisconsin Legislature. The measure provided DWD with additional state funding to capture the full federal match of available dollars, hire additional DVR staff and serve an additional 3,000 job seekers with disabilities over the biennium. It should be noted that the wait time for this group of DVR applicants was approximately five months before the Governor signed this legislation.

In addition, Wisconsin's rehabilitation rate for job seekers with disabilities is currently at 57.4 percent, which exceeds federal requirements.

DWD Is Already Implementing or Committed to Implementing All LAB Recommendations

DVR appreciates the helpful recommendations that LAB included in its evaluation. The recommendations will help DVR further improve the delivery and outcome of its nationally recognized programs and services. Furthermore, the recommendations validate that DVR is heading in the right direction relative to policy revisions and changes in service delivery that began prior to LAB's review.

We take the LAB's findings and recommendations seriously. To this end, I have directed the Division to review all applicable federal laws and policies and develop recommendations to:

- Ensure DVR consistently determines service eligibility and approves extensions in a timely manner. We thank the LAB for recognizing that factors beyond DVR's control, such as an applicant's responsiveness

and delayed access to important records, affect when determinations are issued.

- Ensure DVR consistently completes individualized plans for employment (IPEs) or approves extensions in a timely manner. We appreciate the LAB's acknowledgment that factors such as the level of cooperation by individual applicants and the difference an applicant's competencies and their desired employment outcomes, can require additional counseling and affect when an IPE can reasonably be completed.
- Consistently follow all state and federal requirements to contact DVR consumers in a timely manner, approve exceptions when appropriate, and ensure that attempts to contact consumers prior to case closure are fully documented. It is worth noting that over half – almost 58 percent – of cases reviewed by LAB were closed **because participants either were no longer interested in receiving services or because the participants could not be located or did not respond to DVR's attempts to contact them.**
- Review current practices to document and report case closures to the federal government and ensure DVR continues to adhere to federal reporting guidelines. We appreciate that **LAB's report validates Wisconsin's rehabilitation rate, as defined under federal performance standards, surpasses the federally required rate of 55.8 percent.** We respect and will take under consideration the LAB's suggestion that DVR establish and track an alternate rehabilitation rate calculation that differs from the federally required calculation used by all states. It's important to note that such an alternate calculation could not be used to accurately compare Wisconsin's performance to other states.
- Continue to closely monitor average expenditures per participant among the 11 Workforce Development Areas (WDAs) on a recurring basis and aggressively seek opportunities to further increase consistency across all WDAs. We appreciate the LAB's recognition that, just as each DVR consumer has unique abilities and individualized employment goals, the per-participant cost to help that consumer achieve their goal will vary based on factors such as cost and availability of services in a particular area, even as we seek to strengthen consistency across all WDAs. We also thank the LAB for recognizing DVR's efforts to strengthen management over per-participant expenditures in areas such as farm equipment, including draft policies we developed in September 2015.
- Continue to closely monitor rates of eligibility determinations and rehabilitation rates by WDA and expand a successful third-party eligibility determination pilot to all 11 WDAs by mid-2016. We thank the LAB for recognizing that rehabilitation rates differ for various reasons, including the socioeconomic backgrounds of participants, the labor market in different areas of the state, the availability of transportation to places of employment, and the extent to which participants moved their residences.
- Seek the repeal of Section 47.03(11), Wis. Stats., as the program under this statute is not utilized by DVR because the Division does not own, lease, manage or supervise or operate businesses for the benefit of persons with disabilities. Seeking the repeal of this statute makes it unnecessary to promulgate an administrative rule for the program at this time.
- Prepare to deliver a complete report to the Joint Legislative Audit Committee by June 30, 2016 on DWD's efforts to (a) implement the federal Workforce Innovation and Opportunity Act (WIOA) and determine whether to seek additional federal funds and (b) implement all of LAB's recommendations. The federal government has advised states that it expects to issue final WIOA rules in spring 2016.

DWD Is Committed to Timely, Accurate Responses to Data Requests

We respect the vital role that the LAB plays in helping the Legislature fulfill its oversight of state agency operations.

As with previous LAB reviews of specific DWD programs and operations, we worked cooperatively and in good faith to provide the LAB with the information and data they requested in a timely and complete manner. To this end, we appreciate the LAB's note that DVR was unable to provide them with accurate data in a timely manner due to errors with an initial data pull that required DWD to extract, compile and ensure the accuracy of additional pulls of data to fulfill the LAB's request. We also thank the LAB for acknowledging that their requests required DVR to assemble portions of its data in new ways and the effort to do so took time. All requested data was completely and accurately delivered in approximately 60 days.

We would like to point out that the data requested by LAB contained personally identifiable information, such as but not limited to consumers' names, dates of birth and social security numbers, all of which are vigorously protected in our data system. DWD was conscientious of these privacy concerns and wanted to ensure that the data provided to LAB was complete and correct. DWD staff spent hundreds of hours pulling over 940,000 lines of data to provide the requested information, even as we effectively managed other high-priority technology projects across the agency.

In closing, DWD extends our deep appreciation for the cooperation and understanding of the LAB team as it conducted its review. We look forward to sharing our progress in addressing the LAB's recommendations in the months ahead.

Sincerely,

A handwritten signature in black ink that reads "Reggie Newson". The signature is written in a cursive, flowing style.

Reggie Newson
Secretary