

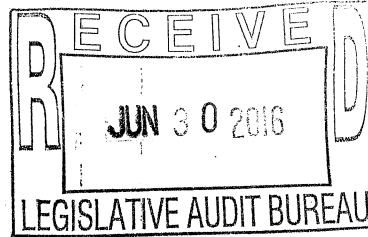
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Scott Walker, Governor
Raymond Allen, Secretary

June 30, 2016

Senator Robert Cowles
Representative Samantha Kerkman
Joint Legislative Audit Committee
22 E Mifflin St, Suite 500
Madison, WI 53703



Dear Co-Chairpersons Cowles and Kerkman,

I am writing to update the Joint Legislative Audit Committee on the progress the Department of Workforce Development (DWD) has made in responding to recommendations contained in the Legislative Audit Bureau's (LAB) December 2015 program evaluation of the Division of Vocational Rehabilitation (DVR).

Prior to issuance of the evaluation report, DVR had internally identified program delivery outcomes needing improvement and had started corrective actions. The LAB report confirmed these internal findings and we welcome the independent recommendations to improve the delivery and outcome of our nationally recognized programs and services.

We are pleased to report measurable gains in program delivery outcomes since issuance of the LAB report. As we provide the response to each service delivery recommendation below, we include a comparison between the report findings and DVR outcomes between January 1, 2016 and May 31, 2016. Improvements have already been realized in each measurable service delivery area and DVR continues to refine policies to further strengthen outcomes.

DWD sees improved consumer service outcomes in CY 2016

The first two recommendations contained in the 2015 LAB evaluation instruct DVR to consistently determine an applicant's eligibility and complete a participant's individualized plan for employment (IPE) within the time period prescribed by federal regulations or, if necessary and approved by both parties, obtain extensions. Part of the eligibility determination is based on medical records. It may take more than 60 days to obtain all required records for complex cases. If the consumer contact information on file is outdated and has not been updated by the consumer, DVR will be unable to secure and extension approval from the consumer.

Percentage of eligibility determinations within 60 days or approved extension	
LAB finding October 2011 – March 2015	94.7 percent
DVR results January 2016 - May 2016	97.5 percent

Percentage of IPEs developed within 90 days or approved extension	
LAB finding October 2011 – March 2015	92.8 percent
DVR results January 2016 - May 2016	95.9 percent

Additionally, DVR contracted with the University of Wisconsin-Stout to provide Eligibility and Order of Selection assessment services for all consumers. The contract was first implemented in the Southeastern part of the state (Workforce Development Areas 1, 2 and 3) in May 2015. By July 1, 2016, this service will be

implemented statewide. DVR has already seen a measurable benefit for consumers. Since January, the average eligibility determination has been completed in 31 days, and for the cases handled through the UW-Stout contract, the completion time averages 29 days, a 6.5% decline. This also represents a 17% decline in the average number of days (35) in FFY 2014. In addition to reducing the time it took to determine eligibility, determinations are more consistent across the state because the same team handles all cases.

DVR has also increased staff training to achieve improved outcomes. In March 2016, DVR released guidance and provided training on the Extension Process for Eligibility Determination and Individualized Plans for Employment (IPE) Development to all DVR staff providing case work for people with disabilities. The guidance included reminders of the 60-day deadline for determining eligibility for services and the 90-day deadline for development of an IPE. It also contained criteria for approval of deadline extensions, including a requirement to process an extension request prior to the deadline to ensure timely Supervisor approval. Extensions may be necessary for a variety of reasons and are permitted by federal regulation if approved by a Supervisor.

In addition, DVR's internal Quality Assurance Team (QAT) has created specific case review criteria and will begin to review compliance with the required timeframes in July 2016.

Commitment to Strengthen Accountability and Performance Consistency

The third LAB recommendation directs the annual examination and assessment of the variation in annual average expenditures per participant among workforce development areas and directs DVR to implement a plan, if necessary, to address the variation and ensure participants are served consistently statewide.

DVR management will conduct a review at least semi-annually to determine if there are variations that need to be addressed. At this time, the DVR QAT is finalizing a proposal to submit to the esteemed UW Madison-La Follette School of Public Affairs for possible acceptance as a class public policy data project. The school was selected due to its deep roots in evaluating and recommending concrete, measurable steps to improve state government and public policy. The proposal requests a thorough review of case system data to determine expenditure patterns among workforce development areas. The goal is to create an analytical framework for continuous review and quality improvement. Moving forward, DVR's internal Quality Assurance Team (QAT) will create specific case review criteria and begin to review compliance with the required timeframes in December 2016.

The fourth LAB recommendation directs consistent compliance with DVR's State Plan, federal law, and program policies related to the inclusion of specific employment outcomes in an IPE and consumer outreach before closing a case.

Percentage of Consumer contacts made within 30 days	
LAB finding October 2011 – March 2015	percent not included in report
DVR results January 2016 - May 2016	91.0 percent

Since January 2016, the average number of days since last contact with the consumer is 16 days. We will continue to track the percentage of consumer contacts made within 30 days and are committed to continuous improvement in this area.

The DVR Quality Assurance Team (QAT) has implemented a pilot study in the Milwaukee workforce development area to gather baseline information about the types of consumer contacts made by DVR and which produce the best outcomes for consumer engagement. Milwaukee was chosen because it is a large metropolitan area with high DVR participation and ongoing retention challenges. In June 2016, Milwaukee achieved a 97% contact rate. They have worked to maintain contact with consumers and have developed strategies that, if successful long-term, may be replicated in other areas of the state. In July, DVR QAT will begin reviewing compliance with policies related to consumer contact prior to case closure.

It should be noted that new federal regulations related to the Workforce Innovation and Opportunity Act (WIOA) are anticipated in late June 2016. Upon release of these regulations, DVR will review and adjust policy related to providing a specific IPE.

The fifth LAB recommendation directs DVR to improve the accuracy of the annual rehabilitation rate reported to the federal government. It also directs annual examination and assessment of 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.

New WIOA regulations include several changes to the performance measures that DVR must report to the federal government regarding rehabilitation services. The rehabilitation rate is no longer a reportable measure. DVR has continued to track the rehabilitation rate during the transition period only as an interim mechanism to monitor productivity. Instead, DVR has focused on WIOA draft rules and internal electronic system updates to improve the capture of required data which will inform our compliance with the new performance measures. In addition, DVR has devoted time to educate staff about those measures.

The DVR QAT will conduct a case review in July to determine if IPE case services were provided or not needed prior to case closure.

The DVR QAT will include in the proposal for the UW-Madison LaFollette School of Public Affairs a thorough review of case system data to determine possible variance patterns among workforce development areas related to consumer characteristics and service outcomes. The submission is due during December 2016 for possible acceptance in Spring 2017 as a public policy data project. The goal is to create an analytical framework for continuous review by DVR. New federal regulations require DVR to report annually on performance including measures by participant characteristics (gender, age, ethnicity/race) and employment barriers (displaced homemakers, low levels of literacy, low-income, long-term unemployment, etc.).

Updating Administrative Rules to Reflect 21st Century System

The seventh LAB recommendation directs DVR to either promulgate the statutorily required rule for charging a portion of expenses to operate the Supervised Business Initiatives program or seek repeal of the statute.

DWD will include repeal of the statute in its 2017-2018 budget request because DVR does not own, lease manage, supervise or operate such businesses authorized under Section 47.03(11), Wis. Stats.

Compliance with WIOA Regulations

The eighth and final LAB recommendation directs DWD to issue a report to the Joint Legislative Audit Committee by June 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.

Our submission of this report documents both our efforts to comply with WIOA and our progress in addressing each of the LAB's seven other recommendations.

We also would like to point out that, in addition to eliminating the DVR wait list for the most severe and more significant disabilities, i.e., Categories 1 and 2, we have now reduced the wait list for the least severe disabilities (Category 3) to 159 individuals (as of June 22). DVR is also on pace to reach its FFY 2016 internal goal of helping 3,920 individuals with disabilities move into competitive, integrated community employment while handling an active caseload in excess of 16,000 individuals statewide.

Again, we appreciate the LAB's analysis and recommendations, and we thank members of the Committee for collaborating with us to strengthen Wisconsin's award-winning, national model DVR system.

Sincerely,



Ray Allen
Secretary