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Funding and Service Delivery Levels in Pennsylvania's Vocational Rehabilitation Program

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Table of Contents

	<u>Page</u>
Report Summary and Recommendations	S-1
I. Introduction	1
II. Background Information on Vocational Rehabilitation Program Services	6
III. The Pennsylvania Office of Vocational Rehabilitation (OVR)	11
IV. Vocational Rehabilitation Program Revenues and Expenditures	19
V. Study Findings Related to Program Services and Funding .	33
A. The OVR Has Not Done a Required Statewide Needs Assessment to Identify the Program’s Target Population	33
B. Because the OVR Is Not Able to Serve All Eligible Individuals, It Prioritizes Services to the Most Significantly Disabled	39
C. Most of the Nearly 12,000 Persons OVR Placed in Competitive Employment in FFY 2001 Were Classified as “Most Significantly Disabled”	50
D. Some of the Persons Not Eligible for Federally-Funded Services Are Being Served Through the State’s “Waiting List Program”	66
E. Services to the Blind and Visually Disabled Are Now Being Provided Through the Vocational Rehabilitation Program	69
F. Case Services Expenditures Are Declining as a Percentage of Total OVR Program Spending	76
G. Allocations to the OVR Districts for Case Services Are Formula-Based and Cash Flow Varies by Quarter	87
H. Recent Federal Evaluations Have Given High Ratings to Pennsylvania’s Vocational Rehabilitation Program	93
I. Periodic Surveys of OVR Customers Indicate High Levels of Satisfaction With the Program	98
J. The OVR Has Been Able to Meet Some, But Not All of the State Plan Goals and Priorities.....	104
K. The OVR Faces Training and Recruitment Challenges in Maintaining the Current Number of Vocational Rehabilitation Counselors	111

**Table of Contents
(Continued)**

	<u>Page</u>
V. Findings Related to Program Services and Funding (Continued)	
L. The OVR Plans to Modify Policies and Procedures for Job Creation Grants as a Result of Recent Negative Audit Findings	121
VI. Appendices	129
A. Background Information on the State Board of Vocational Rehabilitation and OVR Stakeholder Groups	130
B. Office of Vocational Rehabilitation Staff Complement, by Position Category, as of January 25, 2002	135
C. OVR Financial Needs Test	137
D. Costs of Case Services Provided to OVR Customers, by Type, FFY 2001	139
E. Average Caseloads Per Counselor in OVR and BBVS	141
F. Study Questionnaire Response Rates	142
G. Definition of Selected Key Terms	143
H. Pending State Legislation Relating to Vocational Rehabilitation.....	145
I. Department of Labor and Industry's Response to This Report	147

Report Summary and Recommendations

The Legislative Budget and Finance Committee initiated this study to address public and legislative concerns related to funding and service delivery levels in the Pennsylvania Vocational Rehabilitation Program. Concerns have been expressed in recent years about possible funding shortages at the district office level, resulting in persons being placed on “waiting lists” and service delays.

Study Background

The Vocational Rehabilitation Program is one of the oldest federal/state matching fund programs. In accordance with Title IV of the federal Workforce Investment Act of 1998, the program serves individuals who have physical or mental disabilities that constitute a substantial impediment to employment or to achievement of independent living status.

The stated mission of the Vocational Rehabilitation Program is “to expand and strengthen employment outcomes, independence, and specialized services for Pennsylvanians with disabilities.” Program services include: diagnosis and evaluation; employment counseling and guidance; funding for college, technical school, and other training; job placement assistance; job coaching; specialized equipment and assistive technology; and support and post-employment services. These services are geared toward an individual’s needs and employment goals and are intended to maximize employment, economic self-sufficiency, independence, and integration into society.

Obvious benefits result when vocational rehabilitation services enable disabled persons to find and sustain employment. Individuals also benefit from an increase in lifetime earnings potential and a heightened sense of personal worth. In addition to these individual gains, the federal, state, and local governments benefit from the increased earnings power of OVR customers through increased income, payroll, and sales taxes and through the savings which result from decreasing customer dependency on public assistance payments and institutional care.

In Pennsylvania, the Vocational Rehabilitation Program is administered by the Department of Labor and Industry’s Office of Vocational Rehabilitation (OVR). Program policies are established by the State Board of Vocational Rehabilitation in accordance with the federal Workforce Investment Act and the State Vocational Rehabilitation Act. Customer services are provided either directly or through purchase of service arrangements made by more than 400 Vocational Rehabilitation Counselors at 15 OVR district offices and 6 Bureau of Blindness and Visual Services (BBVS) offices statewide. During SFY 2000-01, the OVR expended a total of \$166.9 million for all components of the Vocational Rehabilitation Program. The vast

majority of program expenditures, \$144.2 million, was spent for the Federal/State Program.

Various persons involved with the program have expressed concerns about service delays and have cited specific factors which they believe are reducing the amount of funds that is available for direct case services for customers. These factors include what some perceive to be an inordinate amount of spending for information technology projects and upgrades; disproportionately high costs of OVR presence and participation at TEAM Pennsylvania CareerLink sites; a diversion of OVR case services monies to cover the costs of Department-wide administrative/ support charges; and an increase in the practice of awarding special Job Creation Grants to various public and private agencies. This study examined these contentions and related issues through an analysis of program funding, expenditures, and service delivery levels.

Study Findings

1. The Pennsylvania OVR has not conducted a required statewide assessment of the need for vocational rehabilitation program services; consequently, OVR does not have detailed information on the size, composition, and specific needs of its “target population.”

Under federal law, states participating in the federal Vocational Rehabilitation Program are required to conduct comprehensive statewide needs assessments to determine the size and composition of the program’s “target population” (i.e., the number of potentially eligible persons with disabilities and their specific needs). According to the law, the OVR is to conduct such reviews jointly with the Pennsylvania Rehabilitation Council every three years and is to include the assessment results in its state plan.

The comprehensive statewide needs assessment is to be used, along with other factors, to help establish goals and priorities for the state in carrying out the program. The state plan is to describe the strategies the agency plans to use in addressing the needs identified in the statewide assessment. When program managers have such information, they are able to compare the ratio of actual clients to potential clients in their target population. This, in turn, puts them in a better position to gauge the potential demand for services, a key factor in future planning, and to obtain a rough measurement of agency performance and its overall ability to deliver services.

We found that the OVR does not have a formal needs assessment process and, instead, relies on information derived from the decennial U.S. Census. Based on 1990 census data, the OVR considers its target population to be 617,165.

Number of Persons Aged 16 to 64 With a Disability (Based on the 1990 Census)	
Persons who have a disability that prevents them from working	331,916
Persons who have a disability that does not prevent them from working, but who are not interested in working	59,764
Persons who have a disability but are employed	195,241
Persons who have a disability and are in the labor force but are presently not employed	<u>30,244</u>
Total	617,165

In recent years, the Pennsylvania Rehabilitation Council has, on a number of occasions, recommended that OVR conduct a statewide needs assessment and improve the “scope and justification” of current needs assessment data. Officials of the federal Rehabilitation Services Administration (RSA) told us that they do not consider Pennsylvania to be out-of-compliance with the needs assessment requirement. Their position is that census data is acceptable if it is supplemented by other measures obtained through such means as focus groups, surveys to interest groups, and community forums.

2. Since 1994, the Pennsylvania’s Vocational Rehabilitation Program has been operating on an “Order of Selection” basis under which only the most significantly disabled persons receive program services.

Although the OVR does not have comprehensive needs assessment-based information on the actual number of persons in need of its services, it is apparent that resources are not currently sufficient to serve all individuals who are eligible for them. Therefore, consistent with federal mandates, the OVR operates on an “Order of Selection” basis under which first priority for services is given to individuals with the Most Significant Disabilities (MSD). The Pennsylvania program has been operating on an Order of Selection since March 1, 1994.

Under this policy, the OVR is currently providing vocational rehabilitation services in the federal/state program only to individuals classified as MSD. Individuals classified as Significantly Disabled (SD) or Non-Significantly Disabled (NSD) are eligible for diagnostic services only. These persons are placed on a waiting list with some receiving short-term case services through a special State Vocational Rehabilitation Program. (See also #7.)

OVR counselors determine the level of significance of a customer’s disabilities based on functional capacities; medical, educational, and social information; and the need for multiple vocational rehabilitation services. Some OVR counselor staff expressed concerns that the Order of Selection requires them to serve customers who need the costliest intervention strategies and precludes them from providing services to many persons who would require relatively few services in order to become competitively employed.

Pennsylvania, however, is not unique in operating on this basis. In addition to Pennsylvania, another 21 states are operating both their general and blind agencies on an Order of Selection basis.

3. The OVR does not maintain a formal waiting list for the federal/state program; however, some customers who are Most Significantly Disabled remain in an inactive case status for substantial periods of time before services begin.

Program officials report that individuals who meet the criteria of Most Significantly Disabled are not placed on a waiting list but, rather, receive services on a “first-come, first-served basis.” We found, however, that many persons who are accepted into the program are placed and remain in an “inactive” case status for substantial periods of time before services begin. This situation may be a significant contributing factor to concerns that have been expressed about service delays. While these persons are not officially on a waiting list, they are awaiting the initiation of services. We found that:

- Of a total caseload of 61,857 in the OVR General Program, 1,531 persons were in referral status and 3,382 were in applicant status as of March 29, 2002. Those in referral status had been in that category on average, for 5.7 months; those in applicant status had been there an average of 3.7 months.
- Another 5,759, or 9.3 percent of the total general caseload, were reported to be in Status 10, a status into which customers are placed while the case study and assessment that is needed to develop the customer’s Individualized Plan for Employment (IPE) is being completed. The customer remains in this status until his/her rehabilitation program is written and approved. The 5,759 OVR customers who were in this status on March 29, 2002, had, on average, been there for 7.4 months.
- Customers for whom an IPE has been written and approved, are placed in Status 12 until at least one necessary service has been started. As of March 29, 2002, 319 customers were in this status. They had been there, on average, for 16.8 months.

4. The wholly state-funded component of the OVR program (sometimes referred to as the “Federal Additional Waiting List Program”) also has many customers awaiting services.

Those individuals OVR counselors determine to be eligible for VR services but who do not meet the Most Significantly Disabled criteria are placed on the waiting list to receive state services as resources become available. These persons are classified as either Significantly Disabled or Non-Significantly Disabled. As of

March 2002, a total of 1,734 persons were on the waiting list for services, including 1,707 from the general OVR population and 27 from the blind and visually impaired population. OVR officials project that an additional 980 Significantly Disabled and 527 Non-Significantly Disabled will be added to the waiting list during FFY 2003.

5. Each year since FFY 1993, the OVR has increased the number of disabled persons it places in competitive employment. In FFY 2001, the OVR recorded a total of 11,989 successful employment placements at an average cost per rehabilitation of \$4,851.

The number of successful employments a state vocational rehabilitation agency achieves each year is an important measure of program performance. The federal RSA's standard is that in order to achieve successful performance, a state vocational rehabilitation agency must annually meet or exceed the number of successful employment closures of the prior year. As shown below, the OVR has met that standard each year since FFY 1993.

Successful Employment Placements Made by OVR (FFY 1991 Through FFY 2001)						
<u>FFY</u>	<u>Competitive Employment</u>	<u>Employed as Homemaker</u>	<u>Sheltered Employment</u>	<u>Other</u>	<u>Total</u>	<u>Percent Change</u>
1991..	5,916	1,360	NA	322	7,598	--
1992..	5,466	874	NA	324	6,664	(12.3)%
1993..	5,525	677	NA	254	6,456	(3.1)
1994..	6,249	568	NA	316	7,133	10.5
1995..	6,786	514	281	20	7,601	6.6
1996..	7,146	473	346	18	7,983	5.0
1997..	7,788	471	346	17	8,622	8.0
1998..	8,158	373	337	22	8,890	3.1
1999..	8,476	286	321	9	9,092	2.3
2000..	10,063	532	369	22	10,986	20.8
2001..	10,875	611	486	17	11,989	9.1

6. During FFY 2001, the OVR successfully placed 11,989 persons in employment. Because the program is operating on an "Order of Selection," about 90 percent of all customers successfully employed were persons classified as Most Significantly Disabled and placed in competitive employment.

Consistent with the Order of Selection mandate, the OVR has increasingly focused resources and attention to rehabilitation of those persons determined to be the Most Significantly Disabled. Program data for competitive employment placements for FFY 1991 through FFY 2001 illustrates this focus:

Trend in Service Delivery to the Most Significantly Disabled (MSD) (Competitive Employments)					
<u>FFY</u>	<u>Customers</u> <u>Successfully Employed</u>		<u>MSD Customers in</u> <u>Competitive Employment</u>		<u>MSD as %</u> <u>of Total</u> <u>Employed</u>
	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>	
1991.....	7,598	--	1,725	--	23.1%
1992.....	6,664	(12.3)%	1,924	9.8%	28.9
1993.....	6,456	(3.1)	2,141	11.3	33.2
1994.....	7,133	10.5	2,686	25.5	37.7
1995.....	7,601	6.6	4,129	53.7	54.3
1996.....	7,983	5.0	5,659	37.1	70.9
1997.....	8,622	8.0	7,754	37.0	89.9
1998.....	8,890	3.1	7,707	(0.6)	86.7
1999.....	9,092	2.3	8,184	6.2	90.0
2000.....	10,504	15.5	9,562	16.8	91.0
2001.....	11,989	14.1	10,724	12.2	89.4

The number employed through the OVR program in FFY 2001, (11,989) as a percentage of the total number eligible for employment (18,683), yields a rehabilitation rate of 64.2 percent. This exceeds the 55.8 percent required performance level established by the federal RSA.

7. A separate wholly state-funded program was initiated in 1998 to provide limited services to eligible individuals who do not qualify for the Federal/ State Vocational Rehabilitation Program. Prior to this time, OVR had no recourse but to deny services to these individuals.

Since 1998, the Commonwealth has operated a “supplemental” vocational rehabilitation program to partially address unmet service needs. By providing a separate line-item appropriation for this program, the General Assembly established a means by which at least some disabled persons who did not meet the “Most Significantly Disabled” Order of Selection criteria could still receive services. These persons, however, receive only immediate and short-term services to effect an employment outcome. This is in contrast to persons served in the federal/state program who generally require extensive and varied services over an extended period of time.

Eligibility for the state program is targeted to those persons who appear most likely to be employed in the short-term (i.e., 12 months or less). Services include diagnosis, guidance and counseling, restoration, training, placement, and post-employment services. For SFY 2001-02, the Legislature appropriated \$4.0 million for the State Program. During FFY 2001, the State Program served 1,813 customers, 832 of whom were placed in competitive employment. While the State Program is carried out under the general authorization of Pennsylvania’s Vocational Rehabilitation Act, program operations are not clearly established in either program regulations or written guidelines.

8. Although several additional organizational and policy matters remain, the transfer of the Bureau of Blindness and Visual Services (BBVS) from the Department of Public Welfare (DPW) to the OVR is essentially complete.

The BBVS provides both rehabilitation programs and specialized services to assist blind or visually impaired persons work and maintain independent lives. When BBVS was transferred from DPW in 1999, OVR became a “combined state VR agency,” meaning that the state’s general vocational rehabilitation agency and the agency providing vocational rehabilitation services to the blind and visually impaired are combined into one agency.

In some states, vocational rehabilitation and related services for the blind are provided through an agency that is organizationally separate and distinct from the agency providing VR services to the “general” population of persons with disabilities. This separate agency for the blind might exist as a unit within the same or different department or agency of the state or may in fact be established as a distinct stand-alone agency to serve the needs of the blind population. However, many states also employ the combined agency structure that Pennsylvania has adopted in which the blind population is served within the context of the overall population of persons with disabilities.

A move to co-locate the BBVS’s six regional offices with nearby OVR district offices was underway at the time of this study. Co-locations have thus far occurred at the Harrisburg, Erie, Altoona, and Philadelphia BBVS offices. In conjunction with the co-location process, OVR and BBVS initiated a pilot program in which selected counselors assigned to various district offices work out of an alternate location, such as their residence, a hospital, or a church (referred to as “alternate headquartering”).

During FFY 2001, BBVS provided vocational rehabilitation services to 3,469 persons. Of this number, 489 were successfully employed with about 56 percent being placed in competitive employment. Based on SFY 2000-01 data, we calculated that the BBVS is receiving 10.9 percent of total vocational rehabilitation funding available to OVR.

9. The amount available for direct case services for individuals with disabilities is declining as a percentage of total program spending. The percentage of dollars available for case services declined from 63.3 percent in 1996 to 56.4 percent in 2001, due primarily to increases in state personnel and operating expenses.

During SFY 2000-01, the OVR had total expenditures of \$166.9 million:

Total Vocational Rehabilitation Program Expenditures (SFY 2000-01)		
<u>Program/Appropriation</u>	<u>Amount</u>	<u>Percent of Total</u>
Federal/State Voc. Rehab. Program	\$144,163,632	86.4%
Hiram G. Andrews Center.....	17,741,509	10.6
State Voc. Rehab. Program	2,060,000	1.2
Other.....	<u>2,927,046</u>	<u>1.8</u>
Total.....	\$166,892,187	100.0%

Most expenditures are made through the Federal/State Program which, during SFY 2000-01, totaled \$144.2 million. Program spending can be classified as either “salaries and administration” or “case services for customers.”

Case services are the services provided to an OVR customer by a third-party vendor or grantee in accordance with the service plan defined in the customer’s Individual Program for Employment (IPE). Case services may include such things as physical and mental restoration services, home and job-site modifications, vehicle modifications, tuition costs, tutoring, job coaching, vocational evaluation, and on-the-job training.

We found that the amount available to OVR counselors for direct case services for OVR customers is declining as a percentage of total program spending. Of the \$144.2 million spent in SFY 2001, \$81.3 million, or 56.4 percent, was for direct case services. As shown below, this represents a decline of about 7 percentage points since SFY 1996-97 when case services accounted for 63.3 percent of total spending. During the same period, sharp increases are evident in personnel and operating costs as a percentage of total expenditures.

OVR Spending for Case Services as a Percentage of Total Expenditures (Basic Support Grants – Federal/State Program)				
<u>Spending Category</u>	<u>SFY 1996-97</u>		<u>SFY 2000-01</u>	
	<u>Amount</u> <u>(\$000)</u>	<u>% of</u> <u>Total</u>	<u>Amount</u> <u>(\$000)</u>	<u>% of</u> <u>Total</u>
Personnel.....	\$ 38,068.1	30.8%	\$ 51,490.3	35.7%
Operating	6,390.1	5.2	11,043.2	7.7
Fixed Assets	881.3	0.7	314.7	0.2
Subsidies & Grants (Case Services) ..	<u>78,357.6</u>	<u>63.3</u>	<u>81,315.4</u>	<u>56.4</u>
Total.....	\$123,697.1	100.0%	\$144,163.6	100.0%

Some persons attributed the decline in the case services share of OVR expenditures to increased spending for information technology, CareerLink Centers, administrative support charges, and Job Creation Grants. While accounting for about 10 percent of total program costs in SFY 2001, these cost items do not appear to be

significantly impacting the availability of case services dollars. Rather, a more significant factor has been the rapidly increasing costs of state personnel and operating expenses which are consuming an increasing share of available funding and are substantially in excess of the levels of annual funding increases granted by the federal government.

- Information Technology Expenditures. OVR's rate of spending for IT services (\$3.0 million in SFY 2001-02) does not appear to be excessive in light of the size of the program and IT spending as a percentage of total program costs. Over the past five years, IT spending has ranged from a high of 3.3 percent of total program expenditures to a low of 1.9 percent of total in SFY 2000-01.
- TEAM Pennsylvania CareerLink. Implementation of the federal Workforce Investment Act has resulted in Team Pennsylvania CareerLink, a one-stop delivery system intended to be a seamless integrated system for providing employment and training services to employers and job seekers. OVR is a mandated partner in this system along with other state agencies (e.g., the Departments of Education, Public Welfare, Aging, and Community and Economic Development). We found that OVR's share of CareerLink expenses is based on an agency cost allocation plan and appears to be reasonable. During SFY 2000-01, OVR had CareerLink expenses totaling \$302,541 or, about 0.2 percent of total agency spending for the year.
- Central Services Charges Paid to the Department of Labor and Industry. In SFY 2000-01, OVR paid a total of \$2.8 million to the Department of Labor and Industry for services rendered by various departmental central services bureaus (e.g., Office of Information Technology, Bureau of Personnel, Bureau of Financial Management, Office of Chief Counsel, and others). The amount paid by OVR represents 1.7 percent of total annual spending and is based on charges for staff time spent on OVR work (from time distribution reports) and actual direct expenses incurred for an OVR project or activity.
- Job Creation Grants. While Job Creation Grants were more numerous during the 1990s, only four were active during SFY 2000-01. OVR expenditures for these grants totaled \$1.3 million, or less than 1 percent of total OVR expenditures in that year. (See also #14.)

Based on recent budget developments at the federal level, it is possible that additional funding may become available to OVR to, at least, help maintain case services funding at current levels. The proposed federal budget for FFY 2003 includes, for example, a requested funding increase of 5.4 percent for state vocational rehabilitation grants as well as a proposed new \$30 million "Vocational Rehabilitation Incentive Grants Program" for the states.

10. While cash flow varies by quarter, none of the OVR district offices ran out of case service monies during the period FFY 1999 through FFY 2001.

The quarterly funding allocations that the OVR Central Office makes to its district offices are used to provide case services to OVR customers. One of the concerns raised prior to this study was that some district offices had run out of case service funds during certain periods within the past three fiscal years. To test cash flow to the individual district offices, we examined all OVR quarterly reports for FFY 1999 through FFY 2001.

We found that during the three years examined, all of the districts had a cash balance remaining at the end of each quarter. Allocations to the districts are formula-based and vary by quarter (35 percent—first quarter; 25 percent—second quarter; 15 percent—third quarter; and 25 percent—fourth quarter). It is possible that concerns over running out of funds may have been triggered early in FFY 1999 when initial allocations to the districts were sharply reduced due to delayed federal allocations.

11. The Pennsylvania Vocational Rehabilitation Program has recently received high ratings from both the federal Rehabilitation Services Administration and OVR customers.

The federal RSA conducts annual reviews and periodic on-site monitoring of state Vocational Rehabilitation Programs. One aspect of the reviews determines state agency compliance with the evaluation standards and performance indicators established in the federal Rehabilitation Act. We found that OVR exceeded the RSA standard for each indicator in both FFY 2000 and FFY 2001. The RSA reports also commented favorably on the OVR's participation in the Workforce Investment Act, the agency's "comprehensive system of personnel development," and on case file spot-checks.

The Vocational Rehabilitation Program also receives high levels of satisfaction from customers through required surveys conducted both by OVR and the Pennsylvania Rehabilitation Council. The survey questions assess customer satisfaction with the services provided by OVR and are designed to gauge satisfaction with employment outcomes, determine how customers found their jobs, and determine if the employment met their expectations. A 2000 survey conducted by OVR found that over 80 percent of the customers who responded were satisfied with the services they received; all respondents to the 2001 Rehabilitation Council survey stated that they were "satisfied" to "extremely satisfied" with OVR services.

12. The OVR is in compliance with federal State Plan requirements and has been able to meet some, but not all, of the State Plan's goals and priorities.

Federal law requires that the State Plan include a statement of the agency's goals and priorities. In examining program funding and service delivery, we sought information on the status of OVR's stated goals and priorities. We found that OVR has accomplished most of the goals and priorities related to integrating vocational rehabilitation services into Team Pennsylvania CareerLink Centers. This finding is consistent with the RSA's most recent annual review of Pennsylvania's OVR Program.

Program measures also indicate attainment of goals and priorities intended to increase and improve transition services for students with disabilities. Program data showed that transitional youth represented 35 percent of all OVR customers during FFY 1997 through FFY 1999. This is substantially above the national average of 13.5 percent.

During the implementation period we reviewed, OVR also made progress in several goal and priority areas aimed at increasing employment opportunities for specific target groups of persons with disabilities. For example, progress was evident in OVR accomplishment of goals and priorities related to service delivery to blind and visually impaired persons. OVR is also involved in activities designed to increase employment opportunities in state government for persons with disabilities. OVR reports that it has not been able to measure attainment of the stated goal of increasing employment in state government by 15 percent due to a legal restriction on including disability-related questions on employment applications. In other areas, OVR approached, but did not attain, specific targeted levels of increasing employment outcomes, increasing the number of local assistive technology branch libraries, and increasing minority placements.

OVR has not been able to develop and implement systems to improve the collection, management, tracking, and analysis of various data, including data needed to measure the performance of OVR's grantees and contractors. Despite having spent about \$3.5 million on special IT projects over the past four years,¹ OVR reports that it continues to use traditional methods of collecting, managing, and analyzing this data, but that the "ImaginePA" project will likely provide new automated contract management tools when it is deployed to OVR in January 2003.

13. The aging of the OVR counselor workforce, coupled with a newly enforced federal requirement that counselors possess a master's degree, poses serious challenges to OVR in recruiting and training an adequate number of counselors.

As of January 2002, the OVR district offices were staffed with 392 Vocational Rehabilitation Counselors and had an overall vacancy rate of about 7 percent.

¹A technical analysis of the OVR's information technology contracting decisions and problems was beyond the scope of this study. The report text, however, does provide additional information on these projects.

However, current estimates indicate that the aging of the OVR workforce, coupled with a recently enforced federal requirement that all Vocational Rehabilitation Counselors possess a master's degree, could result in as many as 146 vocational rehabilitation counselors leaving state service between 2002 and 2006.

This poses serious challenges to OVR in ensuring that existing counselor staff obtain the required master's degrees. A survey of OVR staff credentials showed that fewer than 35 percent of the counselor workforce meets the new master's degree standard. The OVR has undertaken a number of training plans and initiatives to address this matter.

The master's degree requirement will also make recruiting qualified counselors more difficult because all states are faced with implementing the new requirement. While the OVR is taking a proactive recruitment approach, there is a finite pool of potential qualified job candidates, and OVR officials believe that recruitment competition among the states could become intense.

14. The OVR reports that it is making significant changes to its Job Creation Grant Program as a result of a 2001 Auditor General's audit of OVR grants with Amoores Health Systems, Inc.

The OVR awards Job Creation Grants to both public and private agencies. The purpose of these grants is to develop and implement innovative approaches for achieving long-term success in expanding and improving vocational rehabilitation services. One grant type, known as Job Creation Grants, is awarded for the creation of jobs in businesses that otherwise would probably not consider hiring persons with disabilities.

In November 2001, the Department of the Auditor General issued a report on a special audit of Job Creation Grants OVR had awarded to Amoores Health Systems (AHS), Inc., in Philadelphia and Pittsburgh. The Auditor General concluded that "L&I failed to exercise sufficient caution and care in the Job Creation Grant awarded to AHS with regard to the procurement of services as well as the spending and safeguarding of Commonwealth funds." The audit report states that L&I/OVR officials violated and misused Commonwealth procurement requirements in awarding a sole source contract to AHS, and both L&I/OVR and AHS failed to administer the Job Creation Grant properly during the two-year period audited.

While rejecting the contention that they had ignored state contracting requirements, L&I officials report that significant changes are being made to address the audit's findings. We noted, however, that the OVR has not established either regulations or formal guidelines governing the award, monitoring, and evaluation of its grant programs. In addition to Job Creation Grants, OVR awards establishment grants, specialized services grants, and grants to Centers for Independent Living.

We found that between February 1998 and February 2002, when the grants expired, OVR awarded a total of \$3.1 million to Amoores Health Systems, Inc. These grants resulted in employment placements for 123 OVR customers, or an average cost of \$24,797 per placement. As of April 2002, OVR was considering one-year extension amendments for each of the two Amoores grants.

Recommendations

- 1. The OVR should update and refine its data on the size and composition of the Vocational Rehabilitation Program's target population and on the specific service needs of disabled Pennsylvanians.**

The Federal Rehabilitation Act requires that a comprehensive statewide needs assessment be conducted jointly by the OVR and the Pennsylvania Rehabilitation Council every three years. To date, this has not occurred. Instead, the OVR's current needs assessment data is based on the 1990 Census and is supplemented only by customer satisfaction surveys. The federal RSA considers the use of U.S. Census data to be sufficient to meet the statutory needs assessment requirement if it is supplemented by other means of gauging and updating the service requirements of the program's target population.

In recent years, the Pennsylvania Rehabilitation Council has recommended that the OVR work jointly with the Council to improve the "scope and justification" of the needs assessment process. The Council noted that the program's needs assessment should, at a minimum, include such supplemental information as the following:

- estimates of the numbers of students who will exit Special Education;
- plans by the Offices of Mental Retardation and Mental Health/ Substance Abuse to reduce the population of inpatient facilities;
- the number of persons working in sheltered workshops who may be ready for competitive employment placement;
- the impact of changes in the age criteria for retirement on requests for service from persons over age 64; and
- development of a formula to estimate the number of persons who might choose to be served by the TEAM PA CareerLink instead of OVR because of their level in the Order of Selection.

We recommend that:

- a. As soon as practicable, OVR should obtain and analyze the results of that portion of the 2000 U.S. Census dealing with Pennsylvanians with disabilities. The OVR should provide this information to the State

Board of Vocational Rehabilitation, the Pennsylvania Rehabilitation Council, and other stakeholder groups.

- b. After updating based on 2000 U.S. Census data, OVR officials should work collaboratively with the State Board of Vocational Rehabilitation and the Pennsylvania Rehabilitation Council to develop additional needs assessment instruments that will enable them to augment the updated Census information with other measures of individuals' needs for program services. The additional needs assessment instruments should:
 - be designed to determine the particular rehabilitation needs of individuals with disabilities residing within the state, particularly the vocational rehabilitation needs of individuals with the most significant disabilities, minorities, and the underserved; and
 - include an assessment of the need to establish, develop, or improve community rehabilitation programs.
- 2. The State Board of Vocational Rehabilitation, in conjunction with OVR staff, should consider taking the following actions to address identified administrative and operational issues:**
- a. develop written policies and guidelines related to OVR's budgeting process and spending priorities;²
 - b. formally establish and define the State Vocational Rehabilitation Program in regulations, or at a minimum, through written program guidelines and procedures;
 - c. clarify the issue of "waiting lists" for both the Federal/State Program and the State Program by establishing a uniform definition of the term and a requirement that OVR staff periodically report to the State Board on the number of persons on the waiting lists and the length of time they have been awaiting services;
 - d. develop written guidelines to govern the award and oversight of all job creation and other grants OVR makes to public and private agencies;
 - e. evaluate the results to date of "alternative headquartering" of OVR field staff before authorizing further expansion of this method of district office operation;
 - f. closely monitor OVR progress in implementing a plan to train existing counselor staff to meet new federal training standards as well as efforts to recruit new counselor staff to offset a projected rise in counselor retirements and separations from state service over the next five years; and

²By law, the State Board is responsible for establishing policies "with respect to the expenditure of [OVR] funds." Although the State Board maintains an official OVR policy manual (*OVR Log Book of Policy*), it has not adopted policies on budgeting or the expenditure of funds.

g. seek federal training grants or other funding to assist in the counselor training plan and consider the feasibility of establishing a financial aid package or loan forgiveness program in order to attract recent master's degree graduates in rehabilitation to the Pennsylvania OVR.

3. The OVR should reactivate its Information Technology Advisory Committee (ITAC) to ensure that the program has a viable advisory body for IT development and issues.

The Information Technology Advisory Committee (ITAC) has been hindered by staff transfers and the reorganization of all OVR information technology positions into the L&I Office of Information Technology. As a result, the ITAC has met infrequently and is currently without clear direction. The lack of a viable advisory body may have contributed to the poor outcome of several of OVR's information technology projects.

The OVR should establish clear objectives and a regular meeting schedule for the Committee. The OVR should task the Committee to act as a liaison between OVR management, labor unions, the Department of Labor and Industry's Office for Information Technology, and vendors to promote the successful implementation of future IT projects. Immediate assignments should include evaluating any needed changes in existing IT infrastructure and making recommendations on the development of a new case management system.

4. The OVR should consider expanding the process it uses to obtain customers' input and measure the degree of their satisfaction with Vocational Rehabilitation Program services.

Currently, the OVR sends "satisfaction surveys" only to customers who are classified as having a successful employment closure (i.e., suitably employed for a minimum of 90 days). The return rate on these surveys is 25 percent. This yields an incomplete picture of customer satisfaction. OVR should consider following up on at least a sample of survey non-respondents and including additional customers in its 6-month and 12-month surveys. At a minimum, the survey process should also include customers who received OVR services but were not employed after the services were provided (i.e., cases closed "not rehabilitated" after the Individualized Plan for Employment was initiated and the services provided).

I. Introduction

Concerns over funding issues and the availability of services in Pennsylvania's Vocational Rehabilitation Program led to the Legislative Budget and Finance Committee's adoption of this study. As directed by the Committee, the study focused on issues related to program funding, expenditures, and service delivery. The Vocational Rehabilitation Program is administered by the Department of Labor and Industry's Office of Vocational Rehabilitation (OVR) with policy guidance and oversight from the State Board of Vocational Rehabilitation.

Scope and Objectives

The objectives of this study were:

1. To examine the funding and administration of Pennsylvania's Vocational Rehabilitation Program.
2. To assess the impacts of current Vocational Rehabilitation Program funding levels on program operations, service delivery, and achievement of program goals and objectives contained in the State Plan for Vocational Rehabilitation.
3. To document and assess the total costs of the Vocational Rehabilitation Program, the costs per client served, and the overall cost effectiveness of the program.
4. To evaluate the Department of Labor and Industry's actions to transfer the Bureau of Blindness and Visual Services (BBVS) into the Vocational Rehabilitation Program, and the cost, funding, and service delivery implications of these actions.
5. To develop findings and recommendations, as appropriate.

Methodology

This study focused on various questions and concerns about funding and service delivery levels in Pennsylvania's Vocational Rehabilitation Program. Particular attention was directed to reports of funding shortages at the district office level and resulting service delays and instances of individuals being placed on waiting lists for services.

To address these questions and related issues, study activities concentrated on an analysis of program funding and expenditure and service delivery policies and practices. This study was not intended as a performance audit of the OVR Program.

In addition to the federal/state Vocational Rehabilitation Program, the study scope included the State Vocational Rehabilitation Program, a fully state-funded program, which was first funded in SFY 1998-99, and the BBVS which was transferred to the OVR in 1999. The time frame covered by the study generally included state fiscal years (SFY) 1997-98 through 2001-02 and federal fiscal years (FFY) 1997 through 2001. Program statistics and key service delivery measures were examined for the period FFY 1991 through FFY 2001.

Initial study activities involved analysis of program funding and operations. LB&FC staff met extensively with the OVR Executive Director, Deputy Executive Director, OVR Bureau Directors, and other key staff. We reviewed and analyzed pertinent federal and state statutes and regulations, program descriptions, annual program reports and statistical data, meeting minutes of the State Board of Vocational Rehabilitation, and the *Combined Agency State Plan, 2000 to 2004* and its annual updates.

We also solicited input on the study objectives from members of the State Board of Vocational Rehabilitation, the Pennsylvania Rehabilitation Council, and other OVR stakeholder groups. A study questionnaire was sent to a sample of OVR staff to obtain their comments and perspectives on a number of funding and service delivery topics.

Using a variety of OVR fiscal reports and documents, we determined total program spending and identified all federal and state funding sources. We examined trends in federal funding support and the method by which Pennsylvania's share of available federal funding is established. The study then determined the manner in which OVR budgets for the program and how available case service monies are allocated to the individual OVR and BBVS district offices. Quarterly cash flow to the districts was analyzed for FFY 1999 through 2001.

We examined expenditure data for specific OVR programs and activities in order to address questions and concerns about OVR spending that had been raised prior to or at the outset of the study. This included, for example, an examination of OVR spending for (1) information technology projects; (2) participation in TEAM Pennsylvania CareerLink; (3) departmental centralized services and overhead charges; and (4) job creation grants. We also examined and classified expenditures in order to assess recent patterns of spending for administrative versus case services purposes.

To document the costs per client served, we obtained program statistics on persons served and the number placed in competitive employment. Using OVR service cost data, we calculated an average cost per client served, by service type, and an average cost per rehabilitation. To address the overall cost effectiveness of the program, we used OVR data which measures the "return on investment" for every

dollar OVR spends on training persons with disabilities and placing them in competitive employment. We also reviewed data on the number of months required to recover OVR training costs through new federal, state, and local tax revenues generated from OVR customers placed in competitive employment plus savings realized in the form of reduced public assistance and Social Security payments.

The examination of service delivery levels began with testing OVR compliance with a federal statutory requirement that it conduct an annual assessment of the statewide need for program services and that it define and systematically plan for the needs of this “target population.” We determined current OVR practices and assessed the basis of current estimates of service demand.

To assess the level of service delivery in the program, we identified and compiled trend data for the following key measures: referrals to the program; time required to determine eligibility; number of persons served; number of cases closed; number of competitive employment placements, by type; number of months to successfully complete a rehabilitation; number of public assistance and SSDI recipients successfully rehabilitated; average number of rehabilitations per counselor; and rehabilitation success rates. The report analyzes this information for the federal/state program and, to the extent possible, for the BBVS and state components of the program.

We analyzed this service delivery data in the context of the federal “Order of Selection” requirement and Pennsylvania’s operation on such an Order since 1994. We also examined service delivery data for the blind and visually impaired and the status of the BBVS transfer from the Department of Public Welfare to the OVR.

On an issue central to service delivery, the study also addressed OVR staffing and the adequacy of the size of the OVR’s complement of vocational rehabilitation counselors. We examined current and projected counselor complement strength in light of a recently enforced federal requirement that all counselors have a master’s degree. We examined OVR’s recruitment and training efforts in light of the aging of the counselor workforce and an attendant increase in counselor retirements. The study examines OVR efforts to address these developments as outlined in the agency’s *Comprehensive System of Personnel Development*.

In conjunction with the study activities described above, LB&FC staff made on-site visits to the Harrisburg and York District Offices and the Hiram G. Andrews Rehabilitation Center in Johnstown, Pennsylvania. We also attended a joint meeting of the State Board of Vocational Rehabilitation and the Pennsylvania Rehabilitation Council, and contacted and obtained information from the Pennsylvania Social Services Union and the national Council of State Administrators for Vocational Rehabilitation. We also reviewed recent federal RSA evaluations of the Pennsylvania program and compared Pennsylvania’s ratings to national and regional

scores; and to customer ratings of the OVR program, as gauged through periodic "satisfaction surveys."

Acknowledgments

The LB&FC staff acknowledges the cooperation and assistance of the Pennsylvania Department of Labor and Industry during the course of this study. We thank the Honorable Johnny J. Butler and, in particular, the officials and staff of the Office of Vocational Rehabilitation, including Stephen R. Nasuti, Executive Director, Office of Vocational Rehabilitation; Thomas E. Washic, Deputy Executive Director; and Christine Boone, Director, Bureau of Blindness and Visual Services. The following persons also participated directly in the study and provided information and assistance:

Kathy Barr-Howanek, Deputy Director of the Hiram G. Andrews Center; Roger Barton, Assistant Director, Bureau of Program Operations; Joy Best, Vocational Counselor II (York); Michele Bornman, Supervisor, Training and Field Services Section, Bureau of Central Office Operations; R. Barry Brandt, District Administrator (York); Charles Cavalovitch, Assistant District Administrator (Harrisburg); Andrew Chopak, Rehabilitation Specialist; Joseph DeLellis, District Administrator (Harrisburg); Chris Forbrich, Supervisor, Special Programs Section, Bureau of Central Office Operations; Nick Fronzaglia, Special Assistant for Financial Affairs; John Hemmler, Fiscal Technician (Harrisburg); Marlin Kester, Director, Bureau of Rehabilitation Program Operations; Harold Longmore, Vocational Rehabilitation Supervisor, BBVS District Office (Harrisburg); Demielo Luckette, Director, Bureau of Central Office Operations; Janelle Miller, Vocational Rehabilitation Counselor II (Harrisburg); Chris Morgan, Fiscal Assistant (York); Bruce McClintick, Rehabilitation Specialist; John Patterson, Administrative Officer for Budget, Financial, and Program Support Services; Russ Rager, Vocational Rehabilitation Counselor II (Harrisburg); Albert R. Reynolds, Ph. D., Director of the Hiram G. Andrews Center; John P. Sariano, Jr., Director of Personnel; Debra Scott, Director, Office for the Deaf and Hard of Hearing; Clint Senter, Administrator, Management Information Services Division; Lucy Shumaker, Administrator, Program, Policy and Evaluation Division, Bureau of Central Office Operations; David Smith, Vocational Counselor Supervisor (York); Ray Walker, Supervisor, Contracts and Grants Management Section; and Beth Zakutney, Vocational Counselor II (York).

We also acknowledge and thank the representatives of the following organizations: Jeffrey Mitchell, Assistant Regional Commissioner for Region III, Rehabilitation Services Administration (RSA), U.S. Department of Education; Carl Suter, Executive Director, Council of State Administrators for Vocational Rehabilitation (CSAVR); and William Bacon, Nowell Smith, and James Bruce of the Pennsylvania Social Services Union.

Important Note

This report was developed by Legislative Budget and Finance Committee staff. The release of this report should not be construed as an indication that the Committee or its individual members necessarily concur with the report's findings and recommendations.

Any questions or comments regarding the contents of this report should be directed to Philip R. Durgin, Executive Director, Legislative Budget and Finance Committee, P.O. Box 8737, Harrisburg, Pennsylvania 17105-8737.

II. Background Information on Vocational Rehabilitation Program Services

Legal Background

Vocational Rehabilitation is one of the oldest federal/state matching funds programs. In 1920 Congress passed the Civilian Vocational Rehabilitation Act encouraging states to provide rehabilitation services to disabled veterans. The current major federal legislation governing vocational rehabilitation services is the Rehabilitation Act of 1973, 29 U.S.C. §701 *et seq.*, as amended.

The Rehabilitation Act of 1973 was amended in 1993 and again in 1998. In 1998, the Rehabilitation Act was consolidated into a broader piece of legislation known as the Workforce Investment Act of 1998 (WIA).¹ Under the WIA, the Rehabilitation Act was united with a number of employment programs. The purpose in consolidating these different statutes under one act was to bring together the Vocational Rehabilitation Program with other employment and training programs into statewide systems of workforce development partnerships.² The goal of the WIA is to encourage the competitive employment of traditionally unemployed or underemployed persons through the integration of federal and state programs and services. The vehicle to achieve this is the local “one-stop” employment center that delivers employment services and coordinates access to employment related services.

The federal act states that the Vocational Rehabilitation Program is intended to:

. . . assist states in operating statewide comprehensive, coordinated, effective, efficient, and accountable programs of vocational rehabilitation, each of which is: an integral part of a statewide workforce investment system; and designed to assess, plan, develop, and provide vocational rehabilitation services for individuals with disabilities, consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, so that such individuals may prepare for and engage in gainful employment.

¹The 1998 Amendments to the Rehabilitation Act of 1973, which are a part of the Workforce Investment Act of 1998, were signed into law on August 7, 1998, and extended for five years the authorization of the Rehabilitation Act.

²In addition to the Rehabilitation Act, other federal programs made a part of the Workforce Investment Act include the Wagner-Peyser Act; the Adult Education and Literacy Act; Welfare-to-Work Grants; Title V of the Older Americans Act; post-secondary vocational education under the Perkins Act; Trade Adjustment Assistance; veterans employment services under chapter 41 of Title 38, U.S.C.; unemployment compensation laws; Community Service Block Grants; and some programs within HUD.

The federal act specifies that rehabilitation services are to first go to those with the most severe handicaps. States are also mandated by the federal act to have an advisory body associated with the state's program and to regularly submit a state plan for vocational rehabilitation services that conforms to specific requirements. Moreover, the federal act also places on the states certain requirements related, for example, to reporting, cooperation and collaboration, and determining eligibility. The state plan must assure that the state will develop individual plans of employment (IPEs) for eligible customers and provide services to the customers in accordance with the IPE.

In the Commonwealth, the Vocational Rehabilitation Program functions through the PA Office of Vocational Rehabilitation (OVR), including the Bureau of Blindness and Visual Services (BBVS)³ in the Department of Labor and Industry. The program is established and further governed by Pennsylvania's Vocational Rehabilitation Act, 43 P.S. §682.1 et seq. The act's stated purpose is to "develop and implement comprehensive and coordinated programs of vocational rehabilitation to meet the current and future needs of individuals with disabilities in order to maximize their employability, independence, and integration into the workplace and the community."

Pennsylvania's Vocational Rehabilitation Act defines vocational rehabilitation as any goods or services that are necessary for an individual with a disability to:

- overcome employment handicaps and engage in a gainful occupation or profession;
- achieve such ability of independent living as to be able to achieve a greater level of independence in functioning within the family and within the community; and
- engage in or continue to engage in employment, or engage in competitive work in integrated settings through the provision of training and time-limited post-employment services leading to supported employment.

However, these services shall not be provided unless federal grant-in-aid funds are authorized and appropriated by Congress for participation in all or part of the cost of providing such services or unless state funds are authorized and appropriated by the General Assembly for providing such services; and, these services must be rendered under such terms and conditions as may be necessary to secure the full benefits of such federal aid.

³Act 1999-15 transferred the administration of services provided to persons who are blind or visually impaired from the Department of Public Welfare to the Department of Labor and Industry.

The state's Vocational Rehabilitation Act also established the Office of Vocational Rehabilitation (OVR) and the State Board of Vocational Rehabilitation. The act directs the OVR to provide vocational rehabilitation services to eligible individuals with disabilities and makes the Board responsible for administrative oversight of the program. The act empowers the Board to make regulations governing such matters as personnel standards, application filing, protection of records and confidential information, and other regulations deemed necessary to carry out the Vocational Rehabilitation Act. Under the act, the Board has the authority to cooperate, pursuant to agreements with the federal government, in carrying out the purposes of any federal vocational rehabilitation statute. Additional background information on the State Board and other vocational rehabilitation stakeholder groups is found in Appendix A.

Eligibility and Types of Service

When individuals apply to OVR, a vocational rehabilitation counselor is assigned to work with them. A person will be eligible for OVR services if he/she has a disability (i.e., a physical, mental, or emotional impairment) which results in a substantial impediment to employment, and he/she can benefit in terms of an employment outcome from services provided. These impediments include but are not limited to the following:

- Alcoholism
- Amputation
- Diabetes
- Drug Addiction
- Epilepsy
- Head Trauma
- Heart Disease
- Mental Illness
- Muscular Disease
- Visual Impairments
- Developmental Disabilities
- Hearing Impairments
- Learning Disabilities
- Mental Retardation
- Neurological Disease
- Respiratory Disease
- Skeletal & Joint Disease
- Speech Impairments
- Spinal Cord Injury

The availability of these services can help an individual overcome or lessen his/her disability as well as directly help the individual prepare for, enter, engage in, or retain gainful employment. Vocational rehabilitation counselors work with eligible individuals to prepare a plan of action called an Individualized Plan for Employment (IPE). While not everyone will need every service, an IPE can draw upon the following services:

- *Diagnostic Services:* Medical, psychological, and audiological examinations and tests used to better understand a person's disability and a person's needs for specific types of services.

- *Vocational Evaluation*: Aptitude, interest, general ability, academic exams, work tolerance, and “hands-on” job experience used to understand a person’s vocational potential.
- *Counseling*: Vocational counseling will help a person to better understand his/her potential, to rely on his/her abilities, to set realistic vocational goals, to change such goals when necessary, to develop successful work habits, and to begin a satisfying career. Counseling is available throughout a person’s rehabilitation program.
- *Training*: Education to prepare a person for a job including, but not limited to, basic academic, vocational/technical, college, on-the-job training, independent living skills, and personal and work adjustment training.
- *Restoration Services*: Medical services and equipment, such as physical and occupational therapy, wheelchairs, and automobile hand controls can be provided to enable a person to pursue and achieve employment.
- *Placement Assistance*: Counseling, job-seeking programs, job clubs, and job development are used to increase a disabled person’s ability to get a job. The counselor provides ideas, practice, and advice on finding job leads, filling out applications, getting interviews for a job, and on how to interview. The counselor may also provide job leads or contact employers about available tax credits and hiring incentives.
- *Assistive Technology*: Assistive technology includes a wide range of devices and services that can empower persons with disabilities to maximize employment, independence, and integration into society. OVR can assist an individual with a disability in effectively selecting and acquiring appropriate assistive technology. OVR can arrange for a consultant to evaluate a person’s situation and to make appropriate recommendations. OVR also operates and maintains its own Center for Assistive and Rehabilitation Technology at the Hiram G. Andrews Center. There is no charge for evaluation and vocational counseling services through OVR. Based upon a person’s financial needs, a person may have to contribute to the cost of assistive technology devices and services.

Support services are also provided as part of a Vocational Rehabilitation Program. Such services may include:

- room, board, and transportation costs during a person’s evaluation or while he/she is completing a rehabilitation program;
- occupational tools, licenses, or equipment;
- home modifications, adaptive or special household equipment in order to help disabled persons get ready to go to and be on time for their job;

- van or car modifications, including special driving devices or lifting devices to enable an individual to travel to his/her job;
- personal care assistance provided to help with an individual's daily needs in order to enable them to participate in a Vocational Rehabilitation Program;
- job site modifications that will enable a disabled person to get and keep a job;
- independent living training to provide the means for a person to become more self-sufficient and thereby make it possible for them to participate fully in the Vocational Rehabilitation Program; and
- text telephone (TT), signaling devices, hearing aids, and interpreter services to help a person communicate, if needed, to participate in the Vocational Rehabilitation Program.

Vocational rehabilitation services as identified under federal law shall be provided at public cost only to individuals with disabilities found to require financial assistance.⁴ Diagnostic and evaluation services are provided at public cost to individuals with disabilities regardless of their financial condition.

The Office may provide vocational rehabilitation training and services to individuals who were injured in industrial accidents or who incurred industrial disabilities and are entitled to workmen's compensation or Occupational Disease Act benefits. Additionally, the Office may make monetary payments as necessary to meet living requirements for disabled or injured individuals and their families during the period of vocational rehabilitation and training and for an additional 60-day trial period of employment.

⁴Once an individual has been accepted in the VR program and the IPE has been developed, the VR counselor performs a financial needs test to determine the source(s) of payment for the services listed in the IPE. (See Appendix C for further information.) Appendix D provides a listing of case services provided to OVR customers in FFY 2001, by type and their associated costs.

III. The Pennsylvania Office of Vocational Rehabilitation (OVR)

OVR Mission

The Pennsylvania Department of Labor and Industry's Office of Vocational Rehabilitation (OVR) is the Commonwealth's designated state unit (DSU) for the state's Vocational Rehabilitation Program. In this capacity, OVR provides vocational rehabilitation services to people with disabilities through the OVR General Agency, the Bureau of Blindness and Visual Services (BBVS), and the Hiram G. Andrews Center. The OVR's mission is:

To expand and strengthen employment outcomes, independence, and specialized services for Pennsylvanians with disabilities.

According to the law, the OVR has the following duties and responsibilities:

- cooperate with departments, agencies, and institutions, both public and private, to provide vocational rehabilitation services to individuals with disabilities;
- enter into reciprocal agreements with other states to provide vocational rehabilitation services to residents of those states;
- conduct research and compile statistics on vocational rehabilitation;
- administer the funds made available for vocational rehabilitation;
- regularly assess, on a statewide basis, the rehabilitation needs of persons with disabilities;
- administer the Hiram G. Andrews Center at Johnstown;
- monitor and evaluate the Vocational Rehabilitation Programs;
- appoint advisory committees, task forces, and study groups as necessary to expand and improve services to individuals with disabilities, including those with the most severe disabilities; and
- annually publish summaries of the results of the evaluation of the program impact and effectiveness, including standards that are employed, the full content of which shall be available to the General Assembly and the public.

Organizational Structure and Staffing

As of January 25, 2002, the OVR had a staff complement of 1,153 staff positions. As shown on Table 1, the agency had 1,046 filled and 107 vacant positions on that date. These employees operate out of a central office in Harrisburg, the Hiram G. Andrews Rehabilitation Center in Johnstown, and 15 district offices and 6 BBVS district offices located across the Commonwealth. The following briefly describes the functions of each of the OVR major organizational units listed on Table 1 and illustrated on the chart in Exhibit 1.

Table 1

OVR Staffing, by Organizational Unit*			
(As of January 25, 2002)			
<u>Office</u>	<u>Filled</u>	<u>Vacant</u>	<u>Total Authorized</u>
Executive Director's Office.....	5	3	8
Bureau of Central Operations	38	6	44
Bureau of Program Operations ^a	642	62	704
Hiram G. Andrews Center	215	19	234
Bureau of Blindness and Visual Services ^b	141	17	158
Office for the Deaf & Hard of Hearing	<u>5</u>	<u>0</u>	<u>5</u>
Total	1,046	107	1,153

*Note: See Appendix B for a detailed breakdown of the OVR staff complement as of January 25, 2002.

^aIncludes 15 OVR District Offices.

^bIncludes six BBVS District Offices.

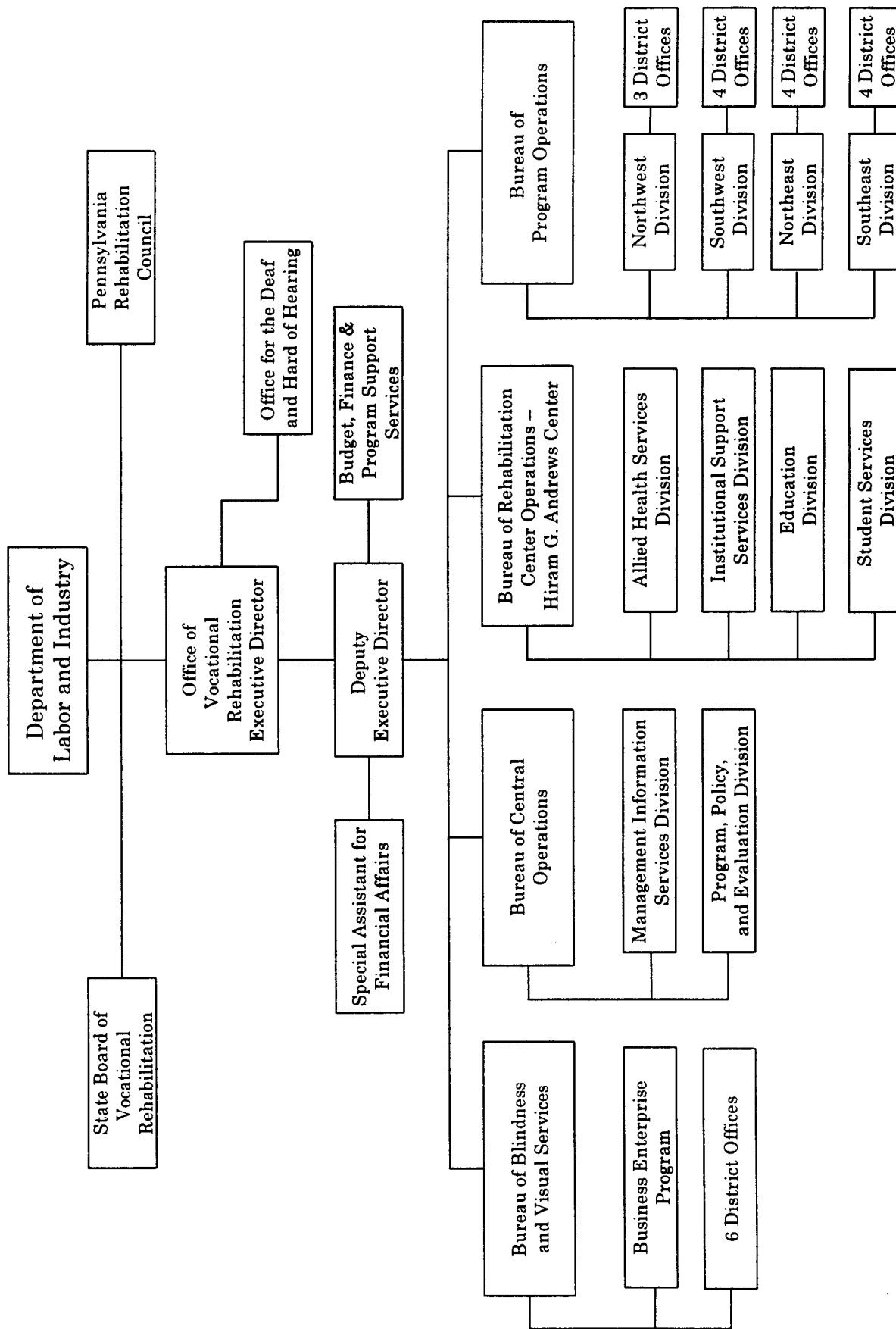
Source: Developed by LB&FC staff using information obtained from the Pennsylvania OVR.

Executive Director's Office. The Executive Director is the chief executive of the OVR. This position has traditionally been filled by a staff member who has a long-standing relationship and experience with the Vocational Rehabilitation Program. The incumbent in this position began serving as the Interim Executive Director in January 2001 and was named the Executive Director in June 2001. He has over 30 years experience with the OVR.

The Executive Director is assisted by a Deputy Executive Director, who is responsible for finance and labor relations. The OVR's Bureau Directors as well as the Special Assistant for Financial Affairs, and the Budget, Finance, and Program Support Services Section report directly to the Deputy Executive Director.

The Special Assistant for Financial Affairs is responsible for providing financial management advice and analysis to the Deputy Executive Director, as well as preparing and monitoring OVR's state funding budget. The Supervisor of the

Office of Vocational Rehabilitation Organization Chart



Budget, Finance, and Program Support Services Section is responsible for preparing and monitoring the federal funding budget, allocating funding to the District Offices for both the OVR and the BBVS, and preparing and monitoring vendor fee schedules.

Bureau of Central Operations. The primary function of the Bureau of Central Operations is to provide support to the OVR's field operations. The Administrator for the OVR Drug and Alcohol Program and other Special Projects, as well as the individual responsible for such administrative tasks as purchasing, telecommunications, and building leases report directly to the Bureau Director. The Bureau consists of two divisions, the Program, Policy and Evaluation Division and the Management Information Services Division.

The Program, Policy and Evaluation Division provides staff support for the State Board of Vocational Rehabilitation, the Pennsylvania Rehabilitation Council, the State Independent Living Council, the Advisory Council for Blind and Visual Services, and other advisory groups. It also coordinates activities and programs involving MH/MR, Specific Learning Disabilities, Supported Employment, Job Coaching, Managed Care, and Worker's Compensation among others. Staff in this division also maintain the State Plan; administer training programs; review district cases for quality assurance; administer activities related to the agency-client appeal process; and manage and coordinate grant and contract development, service purchase contracts, and fee negotiations with service providers.

The Management Information Services Division is responsible for managing and maintaining the Enterprise Data Systems, the OVR Wide Area Network, and mainframe security. Staff in this Division is also responsible for designing and maintaining the OVR web site, gathering and analyzing statistical data, and processing OVR daily financial transaction data for the automated payment and financial statistics system. Additionally Division staff design the customer satisfaction surveys and collect and analyze the feedback information gathered from these surveys.

Bureau of Rehabilitation Center Operations. The Bureau of Rehabilitation Center Operations is responsible for the administration and management of the Hiram G. Andrews Center (HGAC) in Johnstown. The HGAC offers services which feature the integration of education, counseling, evaluation, medical maintenance, and therapy so that individuals with disabilities can obtain independent living skills and employment upon graduation. Services offered at the Center include vocational evaluation; counseling; physical, speech, and occupational therapy; transitional living; and a career development center among others. Training is provided in Associate Degree programs in cooperation with the Cambria County Area Community College as well as in Certificate and Diploma programs.

The HGAC also houses the Center for Assistive and Rehabilitation Technology (CART), which provides an assessment of an individual's educational difficulties and recommends the most effective assistive devices to help the student succeed. HGAC also has a Lending Library, which houses over 3,000 assistive technology devices that individuals can borrow so that they may test the equipment before actually purchasing it. Dormitories and recreational facilities are also available at HGAC.

Bureau of Program Operations. The Bureau of Program Operations is responsible for field operations, which encompasses administration of the Vocational Rehabilitation Program from 15 District Offices. The state is broken into four Divisions, with the Southwest, the Northeast, and the Southeast Division Offices responsible for four District Offices each, and with the Northwest Division responsible for three District Offices. The District Office Administrators report to the four Division Administrators who in turn report to the Bureau Director. The typical District Office has an Administrator, an Assistant Administrator, Counseling Supervisors, Counseling Staff, a Fiscal Technician, and Clerical Staff.

OVR District Offices are responsible for the administration of the Vocational Rehabilitation Program at the local/grassroots level. Pennsylvania is divided into 15 districts (each encompassing a number of counties) that provide rehabilitation services to clients throughout the state. (See Exhibit 2.)

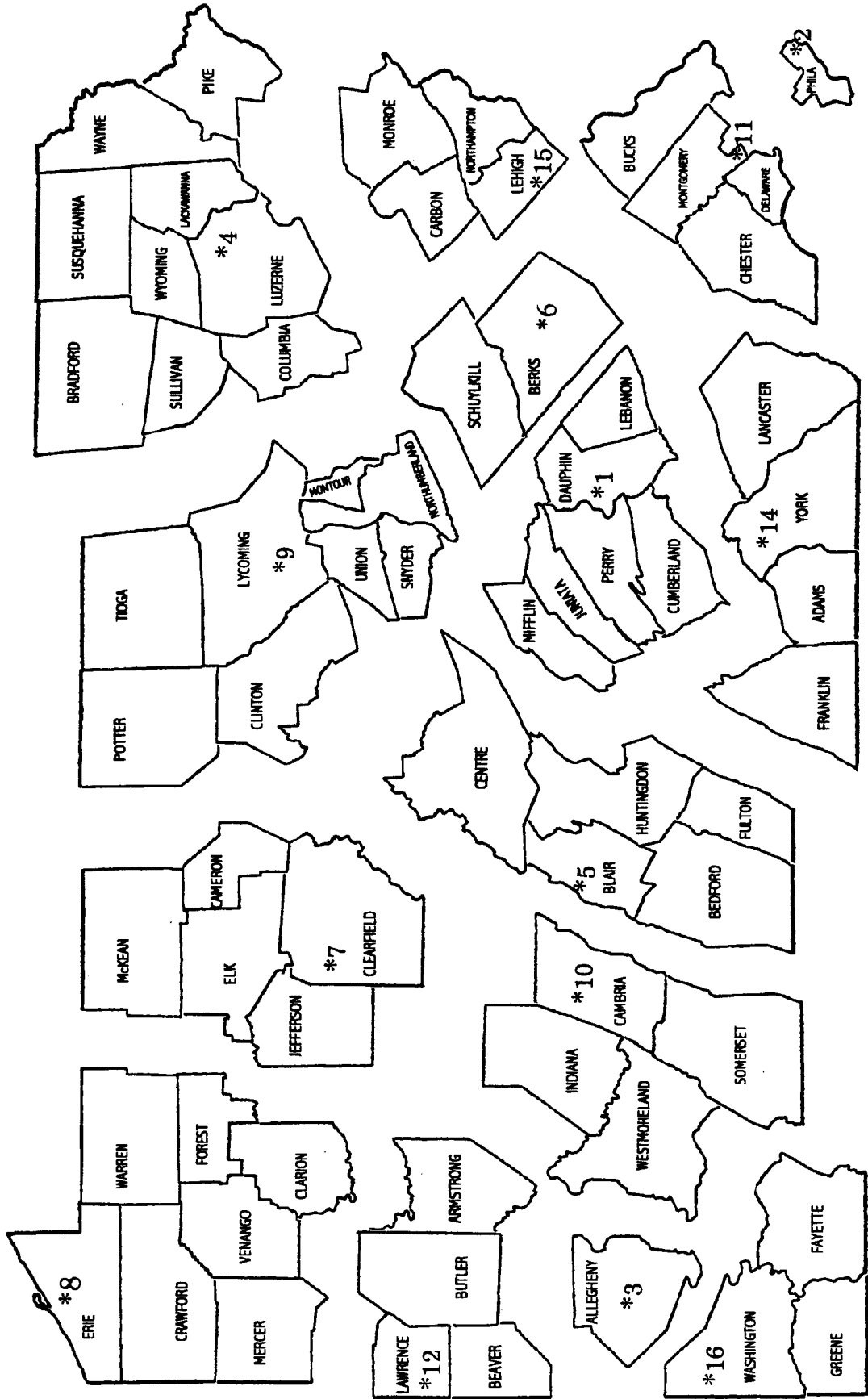
The typical OVR district office has a District Administrator who manages the district's operations and is assisted by an Assistant Administrator. Additionally, each district office typically is staffed with counseling supervisors, vocational rehabilitation counselors, a fiscal assistant, and clerical staff. The Vocational Rehabilitation Counselors assist eligible disabled individuals to prepare for, secure, retain, or regain employment. The counselors also assess their customers' rehabilitation needs, and work with them to develop a career goal, identify services needed to reach that goal, and develop an individualized plan for employment. The services identified for eligible individuals may include medical evaluations, vocational evaluations, counseling, physical restoration, training, job coaching, and job placement as well as a variety of support services. District Office Administrators report to the Bureau of Program Operations through one of four Division Administrators.

Staff in this Bureau is also responsible for the administration and management of case service budgets, the review of district cases for quality review, and the coordination of activities related to the CareerLink network. Additionally, the Bureau Director develops policies and procedures related to field operations.

Bureau of Blindness and Visual Services. In July 1999, Pennsylvania's Executive Board approved the transfer of the Bureau of Blindness and Visual Services (BBVS) from the Department of Public Welfare to the Department of Labor

Exhibit 2

Office of Vocational Rehabilitation Districts
and District Office Locations



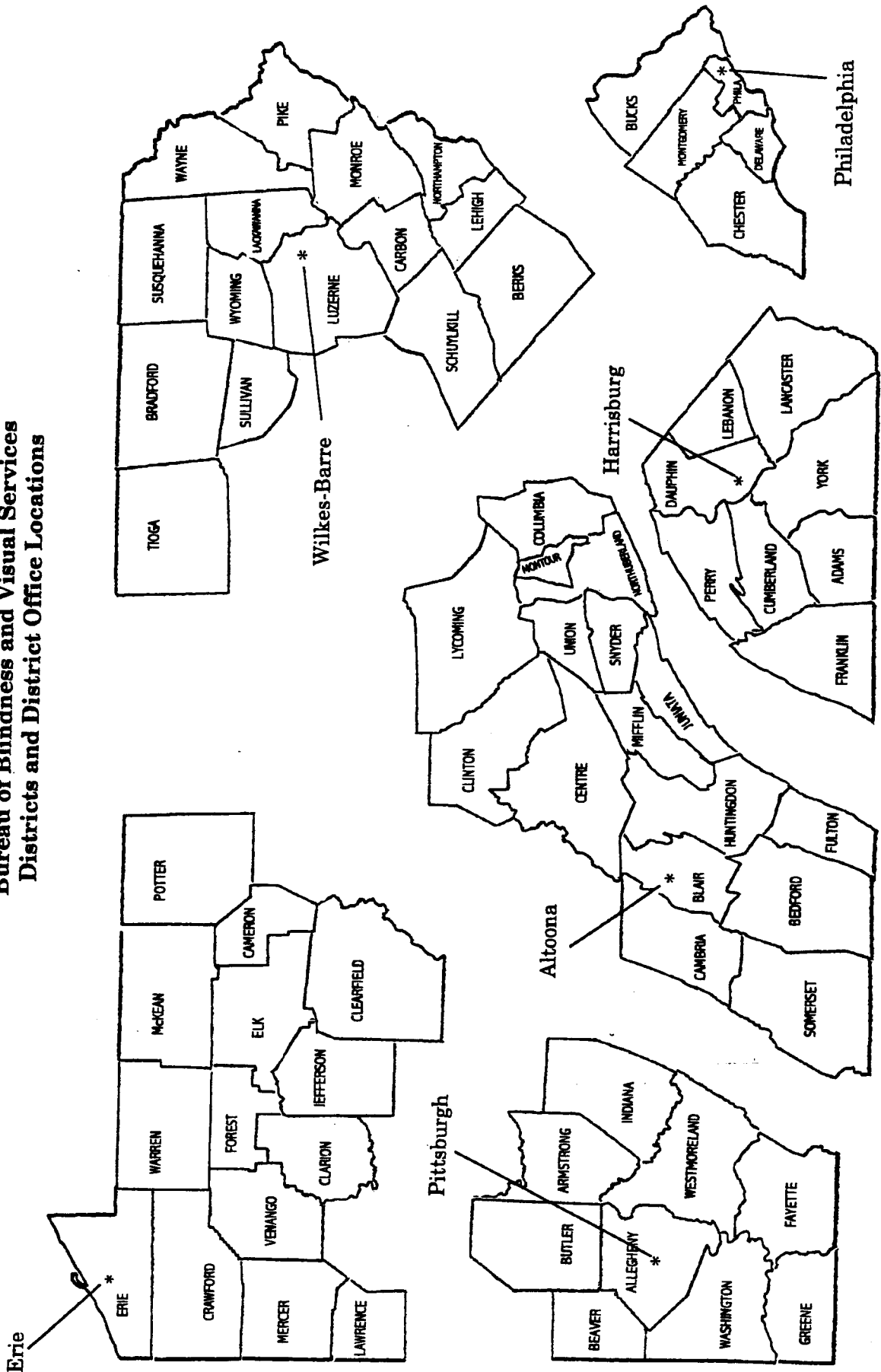
*1-Harrisburg, *2-Philadelphia, *3-Pittsburgh, *4-Wilkes-Barre, *5- Altoona, *6-Reading, *7-DuBois, *8-Erie, *9-Williamsport, *10-Johnstown, *11-Rosemont, *12-New Castle, *14-York, *15-Allentown, *16-Washington

and Industry. The Bureau provides a variety of specialized, rehabilitative and prevention of blindness services in all 67 counties to residents who are blind or visually impaired. These services are delivered to customers in their homes and community settings by the staff of BBVS assigned to six district offices located throughout the Commonwealth (see Exhibit 3) as well as by purchase of services through agreements or contracts with numerous vendors and service organizations. The current operations may be described under the following six program headings: (1) Rehabilitation Teaching; (2) Orientation and Mobility Instruction; (3) Vocational Rehabilitation; (4) Business Enterprises; (5) Specialized Services; and (6) Independent Living.

The Office for the Deaf and Hard of Hearing. The Pennsylvania Office for the Deaf and Hard of Hearing (ODHH) is organizationally located in OVR. ODHH provides information, referral, and advocacy to adults and children who are deaf or hard of hearing, and to their relatives, friends, physicians, lawyers, counselors, and employers. The ODHH also advocates for people with hearing loss, distributes information, and answers questions on issues which concern people with hearing loss and refers people to appropriate organizations.

Exhibit 3

Bureau of Blindness and Visual Services
Districts and District Office Locations



Source: Developed by LB&FC staff using information obtained from the Office of Vocational Rehabilitation.

IV. Vocational Rehabilitation Program Revenues and Expenditures

Program Revenues

The federal and state governments work in partnership to fund the Vocational Rehabilitation Program.¹ In Pennsylvania, the Office of Vocational Rehabilitation (OVR) in the Department of Labor and Industry is the “designated state unit” responsible for administering Pennsylvania’s Vocational Rehabilitation Program. As shown on Table 2 below, funding to OVR for the Vocational Rehabilitation Program totaled \$176.8 million from all sources in SFY 2000-01, and \$182.9 million budgeted for SFY 2001-02.

Table 2

Vocational Rehabilitation Program Funding, by Source					
(\$ Millions)					
<u>Source</u>	<u>SFY</u> <u>1997-98</u>	<u>SFY</u> <u>1998-99</u>	<u>SFY</u> <u>1999-00</u>	<u>SFY</u> <u>2000-01</u>	<u>SFY</u> <u>2001-02</u> <u>Budget</u>
Federal	\$100.6	\$109.2	\$113.0	\$117.3	\$118.8
State	25.9	30.7	39.2	41.3	44.9
Other ^a	<u>15.2</u>	<u>16.2</u>	<u>16.8</u>	<u>18.1</u>	<u>19.1</u>
Total ^b	\$141.8	\$156.1	\$169.0	\$176.8	\$182.9

^aHiram G. Andrews Rehabilitation Center income.

^bMay not add due to rounding.

Source: Developed by LB&FC staff using fiscal data obtained from the Pennsylvania OVR.

Federal Funding

To fund state vocational rehabilitation services, the Federal Rehabilitation Act provides basic appropriations of such sums as may be necessary for fiscal years 1999 through 2003² to assist states in meeting the costs of vocational rehabilitation services. Each state is entitled to an allotment of an amount from the appropriation based upon a statutory formula that takes into account the state’s population and

¹Federal program funding is provided on a federal fiscal year (FFY) basis (October 1 to September 30), while state funding is provided on the state fiscal year (SFY) basis (July 1 to June 30). This complicates analysis of program funding trends. For purposes of analysis, we have converted some of the funding information in this section to enable the presentation of data on a state fiscal year basis.

²The program is subject to reauthorization in 2003. Section 404 of the Rehabilitation Act Amendments of 1998 provides that the federal authorization of appropriations for “the purpose of making grants to states . . . to assist states in meeting the costs of vocational rehabilitation services provided in accordance with state plans” expires in 2003.

per capita income. From its allotment, each state receives an amount equal to the federal share of the cost of vocational rehabilitation services under the approved State Plan, including expenditures for the administration of the State Plan.

The “federal share” is 78.7 percent, requiring a matching amount from the state of 21.3 percent. The Rehabilitation Act also provides for (1) non-match funding to assist states in developing collaborative programs with appropriate entities to provide supported employment services for individuals with the most significant disabilities to enable such individuals to achieve the employment outcome of supported employment; and (2) a 90 percent matched funding to provide for services related to independent living and the operation of independent living centers.

Federal funding for Pennsylvania’s Vocational Rehabilitation Program totaled \$117.3 million during SFY 2000-01. As shown on Table 3 below, federal funding was derived from five separate sources, the largest of which was basic support grant funds for the federal-state program.

Table 3

Federal Funding for OVR, by Source					
(\$ Millions)					
<u>Source</u>	<u>SFY 1997-98</u>	<u>SFY 1998-99</u>	<u>SFY 1999-00</u>	<u>SFY 2000-01</u>	<u>SFY 2001-02 Budget</u>
Basic Support Grants	\$91.5	\$100.8	\$104.4	\$106.1	\$107.8
Social Security Reimbursements	6.9	5.9	5.5	8.0	7.7
Supported Employment (Title VI-B)	1.4	1.5	1.6	1.5	1.5
Independent Living (Title VII).....	0.7	0.9	1.3	1.5	1.6
Counselor Training Grant.....	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.3</u>	<u>0.3</u>
Total.....	\$100.7	\$109.3	\$113.0	\$117.3	\$118.9

Source: Developed by LB&FC staff using fiscal data obtained from the Pennsylvania OVR.

The Basic Support Grant. Federal Basic Support Grants constitute the largest single source of revenue for the OVR. The U.S. Department of Education’s Rehabilitation Services Administration (RSA) annually distributes these grants to the states on a formula basis established in the federal Rehabilitation Act.³ Before proceeding with the allocation to the states, the RSA first allocates a portion of the amount the Congress has appropriated for program administration and for programs for Native Americans. The remaining funds are allocated to the states and U.S. territories based on a formula which takes into account state population and per capita income.

³Section 110 of the Rehabilitation Act of 1973, as amended.

Using population and per capita income figures obtained from the U.S. Department of Commerce, the RSA applies the formula to arrive at each state's allotment. Individual state allotments are based on three components: an amount based on the state's population; an amount based on per capita income; and a base amount which represents the amount of federal funding each state received in 1978. If this amount falls below the required minimum funding level as set by RSA for that year, those states receive additional funding by subtracting a pro rata share from the other states' allotments.

During FFY 2001, Pennsylvania received \$106.5 million from this source. This was about 2 percent greater than the prior year and represented 4.5 percent of the \$2.4 billion allocated by the federal government for all states and territories in that year. (See Table 4.) Basic Support Grant funds are used to pay the administrative and operational expenses of the OVR program, as well as for services for persons with disabilities and the blind and visually disabled through the Bureau of Blindness and Visual Services (BBVS).

Pennsylvania's allotment of the \$2.48 billion FFY 2002 federal vocational rehabilitation state grants is \$110.3 million, or about 4.4 percent of the total. According to an official of the national Council of State Administrators of Vocational Rehabilitation (CSAVR), the proposed federal budget for FFY 2003 includes requested funding increases for vocational rehabilitation. These include a \$134.9 million, or 5.4 percent, increase in state vocational rehabilitation grants to \$2.62 billion.

In addition, the federal budget proposes \$30 million for a new "Vocational Rehabilitation Incentive Grants Program." The goal of this proposed program is to improve state performance under the Vocational Rehabilitation State Grants program by making additional awards to state VR agencies based on their performance in helping individuals with disabilities obtain competitive jobs.

Table 4

Pennsylvania's Share of Federal Basic Support Grant Funding					
<u>FFY</u> <u>Year</u>	<u>Federal</u> <u>Total</u>	<u>% Change</u> <u>Over</u> <u>Prior Year</u>	<u>PA</u> <u>Allotment</u>	<u>% Change</u> <u>Over</u> <u>Prior Year</u>	<u>Pennsylvania</u> <u>Allotment as %</u> <u>of U.S. Total</u>
1997	\$2,164,038,000	--	\$ 89,841,599	--	4.15%
1998	2,231,528,000	+3.1%	92,005,244	+2.4%	4.12
1999	2,287,128,000	+2.5	103,711,597	+12.7 ^a	4.53 ^a
2000	2,315,587,000	+1.2	104,602,482	+0.9	4.52
2001	2,375,982,000	+2.6	106,539,697	+1.9	4.48

^aThis increase is due primarily to the transfer of the BBVS from the Department of Public Welfare to the OVR. BBVS receives 10 percent of Pennsylvania's total federal allotment.

Source: Developed by LB&FC staff using information obtained from the Pennsylvania OVR.

The RSA sends each jurisdiction a Grant Notification Award indicating the amount the state will receive for the federal fiscal year. Funding is awarded to each state on a quarterly basis. According to OVR officials, Pennsylvania's first award had traditionally been 80 percent of the total allotment for the year. However, because the federal government has been operating under a Continuing Resolution for vocational rehabilitation funding, the practice has been to allot funds to the states based on prior year funding levels. In this situation, the state usually receives several smaller amounts from their allocation during the first quarter until a budget is passed and each state is notified of its final full allotment.

In the last quarter of each federal fiscal year, each state must report the status of their federal funding to their pertinent RSA regional office. Each state must report whether it (1) does not need additional federal funding; (2) needs additional federal funding; or (3) cannot use all of its initial allocation and is turning back some of those monies. Funds that are returned to the RSA become available for allotment to those states requesting additional funding. Program officials report that Pennsylvania consistently requests additional federal funding. For example, during the last quarter of FFY 2001, Pennsylvania notified RSA that the Pennsylvania OVR program was requesting an additional \$6.0 million in federal funding. The RSA subsequently reallocated a total of \$12.2 million among the requesting states, of which Pennsylvania received \$403,437. As Table 4 shows, the amount of the available federal funds allocated to the Pennsylvania Vocational Rehabilitation Program is increasing each year.

Other Federal Funding. In addition to the Basic Support Grant, funding is provided to the Vocational Rehabilitation Program from four other federal sources:

- *Federal – Social Security Reimbursements.* These are federal Social Security Administration funds that are provided on a reimbursement basis for placing OVR customers, who receive SSDI/SSI benefits, in jobs. The funds go directly to the district office that successfully closed the case. These funds must be applied for, and if all criteria are not met, then the request for reimbursement is denied.
- *Federal – Supported Employment.* Under Title VI-B of the Rehabilitation Act of 1973, as amended, funds are provided to OVR to provide support or coaching to persons with disabilities in job settings. Funds may be spent on any eligible OVR client. No state match is required; however, non-federal funds must be provided in a sufficient amount to provide extended services.
- *Federal – Independent Living.* Under Title VII-B, funds are allocated to OVR for Independent Living and under Title VII, Chapter 2, funds are allocated to OVR for services for the older blind customers. Both of these

titles are under the Rehabilitation Act of 1973, as amended. These funds are used to provide services that enable eligible persons with disabilities to function independently in the home and community. A 10 percent match in state funds is required.

- *Federal – Training Grant.* The RSA has awarded a five-year grant to provide training to OVR Counselors so that their education and training requirements meet the standards established by the RSA.

State Funding

Several appropriations from the General Fund provide matching funds and funding support for the BBVS and the State Vocational Rehabilitation Program. The total level of state funding support reached \$41.3 million in SFY 2000-01. (See Table 5.)

Table 5

OVR Funding From the State General Fund, by Appropriation					
(\$ Millions)					
<u>Source</u>	<u>SFY</u> <u>1997-98</u>	<u>SFY</u> <u>1998-99</u>	<u>SFY</u> <u>1999-00</u>	<u>SFY</u> <u>2000-01</u>	<u>SFY</u> <u>2001-02</u> <u>Budget</u>
Basic Support Matching Funds	\$24.0	\$25.6	\$34.1	\$35.1	\$36.2
State VR Program.....	0.0	2.0	2.0	2.1	4.0
Entrepreneurial Assistance	0.0	1.0	1.0	1.0	1.1
Assistive Technology	0.0	0.0	0.0	0.8	0.9
Supported Employment Supplemental	0.9	1.0	1.0	1.1	1.2
Independent Living Match.....	<u>1.0</u>	<u>1.1</u>	<u>1.2</u>	<u>1.2</u>	<u>1.6</u>
Total ^a	\$25.9	\$30.7	\$39.3	\$41.3	\$44.9

^aMay not add due to rounding.

Source: Developed by LB&FC staff using fiscal data obtained from the Pennsylvania OVR.

Basic Support Grant Matching Funds. The required 21.3 percent state match is appropriated⁴ annually from the General Fund and is transferred into Special Fund #023, the Vocational Rehabilitation Fund. Funds are also appropriated for the BBVS' Specialized Services Program. Specialized Services include prevention of blindness training, orientation and mobility training, rehabilitation education, and social services.

⁴The statutory authority for this appropriation is Section 7 (C) of the Vocational Rehabilitation Act of 1988, 43 P.S. §682.7(c) and the Administrative Code at 71 P.S. §580.1.

Other State Funding. The following are additional sources of state funding:

- *State Vocational Rehabilitation Program.* Those persons who do not meet the eligibility criteria from the “Order of Selection” for the federally-funded OVR program but still need vocational rehabilitation services can obtain them through this state program. The funds are used to assist eligible persons with disabilities to obtain or retain employment. Services provided under this program are short term, 12 months or less. Monies from this appropriation are only used for vendor-provided services. There are no charges to OVR personnel or operating costs.
- *Entrepreneurial Assistance—ICAN Grants.* The statutory authority for these grants is the State Vocational Rehabilitation Act of 1988. The Independence Capital Access Network (ICAN) initiative was designed to help maximize employment opportunities for individuals with disabilities. This program was originally set up in the Department of Community and Economic Development (DCED).

This appropriation provides reimbursement grants to small businesses for the purchase of structural modifications or the purchase of specialized or adaptive equipment necessary to hire or retain individuals with disabilities. There is a \$50,000 maximum reimbursement level. OVR is mandated to spend at least \$10,000 every year from this appropriation on marketing the ICAN program. To this end, OVR has purchased advertisements and promotional materials and additionally, district offices mail out informational brochures to local businesses.

- *PA Initiative for Assistive Technology (PIAT).* These funds support the statewide Assistive Technology Lending Library via a memorandum of understanding between Temple University and OVR. This library is currently located at OVR’s HGAC in Johnstown and provides Pennsylvanians with disabilities and older Pennsylvanians an opportunity to learn about, borrow, and try assistive technology prior to making purchasing decisions. The Center provides staff, an office, equipment, storage space, equipment maintenance and repair, and round-trip shipping to those individuals requesting assistive technology equipment for trial use. Prior to SFY 2000-01, this appropriation was made to the Department of Public Welfare’s Office of Mental Retardation.
- *General Fund – Supported Employment.* These General Fund monies supplement the Title VI-B federal funds to provide extended support services to maintain employment for individuals with the most severe disabilities. The federal funds provide job coaching, but these state funds are needed to provide extended services. Extended services are those services necessary to support and maintain an individual in competitive employment after placement and training has occurred.

- General Fund—State Centers for Independent Living. This appropriation provides the state-matching portion that is needed to receive federal funds. Statutory authority is derived from the Vocational Rehabilitation Act of 1988, Act of December 20, 1988, and the Independent Living Services Act, the Act of December 12, 1994.

Independent living facilities are consumer-controlled, community based, cross-disability, non-residential, private, nonprofit agencies designed and operated within local communities by individuals with disabilities. Core services provided include information and referral, peer counseling, independent living skills training, and individual and system advocacy.

Other: Rehabilitation Center Income

Program income from customers of the Hiram G. Andrews Rehabilitation Center is another funding source for Pennsylvania’s Vocational Rehabilitation Program. The Rehabilitation Center is a comprehensive rehabilitation facility offering physical restoration, vocational evaluation and training on a 50-acre tract in Johnstown, Pennsylvania. Service fees from both public and private sources make up Rehabilitation Center income. In SFY 2000-01, this amounted to \$18.1 million. (See Table 6.) Fees come from a variety of sources including insurance companies, self-insured businesses, Medicare, Blue Cross, and the Veterans Administration. Other sources of income include entitlement grants and educational grants. These revenues are deposited into Special Fund #085, the Rehabilitation Center Fund and are used to finance Center operations.

Table 6

Rehabilitation Center Income	
(\$Millions)	
<u>State Fiscal Year</u>	<u>Amount</u>
1997-98	\$15.2
1998-99	16.2
1999-00	16.8
2000-01	18.1
2001-02 (Budget).....	19.1

Source: Developed by LB&FC staff using fiscal data obtained from the Pennsylvania OVR.

Program Expenditures

During SFY 2000-01, the Pennsylvania Vocational Rehabilitation Program had total expenditures of \$166.9 million in six major program areas. The vast majority of this funding was for the “federal/state” component of the program. (See Table 7.)

Table 7

Total OVR Expenditures, by Program Area
(SFY 2000-01)

<u>Program/Appropriation</u>	<u>Amount</u>	<u>Percent of Total</u>
Federal/State Voc. Rehab. Program ^a	\$144,163,632	86.4%
Hiram G. Andrews Center ^b	17,741,509	10.6
State Voc. Rehab. Program	2,060,000	1.2
State Independent Living Centers.....	1,218,000	0.7
ICAN Grant Program	900,046	0.5
Assistive Technology.....	<u>809,000</u>	<u>0.5</u>
Total ^c	\$166,892,187	100.0%

^aComprised of the following appropriations: Federal Basic Support, State Basic Support, Federal Supported Employment, State Supported Employment, Federal Independent Living, Social Security Funding, and Federal Training Grants.

^bDoes not include costs for services provided to OVR customers which are included in expenditures reported for the Federal/State Program. Expenditures are reported on an accrual basis of accounting.

^cDoes not add due to rounding.

Source: Developed by LB&FC staff using fiscal data obtained from the OVR.

Expenditures, by Program Component

As shown on Table 7, the federal/state component of the program accounted for more than 86 percent of total program spending in state FY 2000-01. Spending to operate the Hiram G. Andrews Center ranks second in terms of total program spending. In SFY 2000-01, OVR spent \$17,741,509, or 10.6 percent of total funding for the operations of the Hiram G. Andrews Center. All salaries and benefits, operating costs, and fixed assets for the Center are paid from this appropriation. Costs for the services provided to OVR customers are not paid from this appropriation. Rather, they are paid by the district offices and are included in expenditures reported for the federal/state program.

The following program components account for the remaining 3 percent of program spending:

- *The State Vocational Rehabilitation Program.* In SFY 2000-01, OVR spent \$2,060,000 on the state Vocational Rehabilitation Program. This program is available to those persons who do not meet the eligibility criteria from the “order of selection” for the federally funded OVR program but still need OVR services. (See also Finding D.)
- *State Centers for Independent Living.* In SFY 2000-01, OVR spent \$1,218,000 of state monies on the Centers for Independent Living (CILs). These monies are used to fund independent living facilities, which are

consumer-controlled, community-based, non-residential, private, nonprofit agencies designed and operated within local communities by individuals with disabilities.

- *ICAN Grants.* In SFY 2000-01, OVR spent \$900,046 on ICAN Grants. This appropriation provided reimbursement grants to small businesses for the purchase of structural modifications or the purchase of specialized or adaptive equipment necessary to hire or retain qualified individuals with disabilities. There is a \$50,000 maximum reimbursement level per small business. OVR is mandated to spend at least \$10,000 annually from this appropriation on marketing the program.
- *Assistive Technology.* OVR spent \$809,000 for this purpose in SFY 2000-01. These funds were used to support the statewide Assistive Technology Lending Library via an MOU between Temple University and OVR. This library is located at the Hiram G. Andrews Center in Johnstown. It provides Pennsylvanians with disabilities and older Pennsylvanians an opportunity to learn about, borrow, and test assistive technology prior to making purchasing decisions.

Expenditures, by Major and Minor Object

OVR expenditures are classified into major and minor object categories. A “major object” is defined as a major heading for a group of expenditures on the basis of the object of expenditures rather than by department, program, or purpose. The five major object classifications for the Vocational Rehabilitation Program are: Personnel Services, Operational Expenses, Fixed Assets, Subsidies and Grants, and Depreciation and Other Costs.

“Minor objects” of expenditures are those items which are categorized under one of the major object headings. Examples include such things as salaries and overtime under “Personnel Services” and supplies and rent under “Operational Expenses.”

Table 8 provides a major object breakdown of the OVR’s SFY 2000-01 expenditures.

Table 8

OVR Expenditures by Major Object
(SFY 2000-01)

<u>Major Object Category</u>	<u>Amount</u>	<u>Percent of Total</u>
Subsidies and Grants	\$ 86,281,106	51.7%
Personnel Services.....	63,611,359	38.1
Operational Expenses	15,111,754	9.1
Depreciation at HGAC	1,573,241	0.9
Fixed Assets	<u>314,727</u>	<u>0.2</u>
Total	\$166,892,187	100.0%

Source: Developed by LB&FC staff using financial data obtained from OVR.

Subsidies and Grants. OVR expenditures for subsidies and grants totaled \$86,281,106, or 51.7 percent of total expenses during SFY 2000-01. This major object is used to record payments to institutions, for-profit entities, and third-party service providers to purchase vocational rehabilitation services for individual customers. During SFY 2000-01, total payments to third parties amounted to \$78,265,361 and included payments for diagnostic medical services, hearing aids and devices, vocational evaluation services, psychological services, and tuition and fees, among others.

Personnel Services. OVR expenditures for personnel services totaled \$63,611,359, or about 38 percent of total spending in SFY 2000-01. Personnel services expenses include salaries, employee benefits, and payment of unused leave to retiring employees. During SFY 2000-01, salaries accounted for nearly three-quarters of personnel services expenses. The OVR employs approximately 1,100 employees, including staff at 15 OVR district offices, the Bureau of Blindness and Visual Services and its six district offices. Of these 1,100 employees, over 400 are Vocational Rehabilitation Counselors.

Operational Expenses. OVR expenditures for operational expenses totaled \$15,111,754, or 9.1 percent of total expenses in SFY 2000-01. Operational expenses include costs for services provided by other organizations, conferences, printing, travel, utilities, rent, equipment rentals, and supplies. In SFY 2000-01, a significant portion of OVR's total operational expenses was comprised of the following six items:

- *Rental of Real Estate.* This amounted to \$2,822,183 for the rental payments for all OVR offices, which includes the Central Office, the OVR District Offices, and the BBVS District Offices.
- *Travel.* OVR spent a total of \$1,771,751 for travel including expenses for staff travel to attend meetings, training, and conferences. This category

also includes the mileage expenses for counselors who use their personal vehicles to see OVR customers outside of the District Office.

- Specialized Services. Charges to this code, which amounted to \$1,347,123 in SFY 2000-01, include expenditures for office modifications needed for OVR employees with disabilities as well as interpreting services at staff and other meetings for employees who are deaf or hard of hearing.
- EDP Contracted Services—Vendor Provided. This object code reflects the expense the Department of Labor and Industry charges OVR for its allocated portion of funding the Department's Office of Information Technology; \$1,259,646 for SFY 2000-01.
- EDP Equipment Rental—Computers and Peripherals. This includes the costs of leasing more than 500 laptop computers that OVR provides to its staff (OVR Counselors, Central Office staff, and district office staff); \$1,151,022 in SFY 2000-01.
- Office Supplies. This item includes the cost of supplies and minor equipment used in the daily operations of OVR; \$961,423 in SFY 2000-01.

Fixed Assets. OVR expenditures for fixed assets amounted to \$314,727, or less than one-half of one percent in SFY 2000-01. During the year, the Office purchased computer software for \$155,737 and computers and peripherals for \$125,364. Other fixed asset costs included telephone equipment (\$24,281), office equipment (\$6,032), and furniture and furnishings (\$3,313).

Depreciation at HGAC. Expenses for the depreciation of assets at the Hiram G. Andrews Center amounted to \$1,573,241, or less than 1 percent of total expenses, for SFY 2000-01 for OVR. Because accounting records must be maintained on the accrual basis of accounting for HGAC, the lost value of assets must be recorded as an expense for OVR. During SFY 2000-01, depreciation was taken for building improvements (\$1,039,321), for the building (\$277,962), and for equipment (\$255,957).

Table 9 lists the OVR's SFY 2000-01 expenditures by minor object within the preceding major object codes for OVR in total and for the federal/state program.

Table 9

**Total Expenditures by the Office of Vocational
Rehabilitation, by Minor Object**
(SFY 2000-01)

<u>Major/Minor Object</u>	<u>Programs</u>		<u>OVR</u>
	<u>Federal/State^a</u>	<u>State & Other^b</u>	<u>Total</u>
<i><u>Personnel Services:</u></i>			
Salaries	\$ 37,986,326	\$ 8,110,250	\$ 46,096,576
Overtime	152,546	203,516	356,062
Shift Differential	0	58,249	58,249
Higher Classification Pay	10,145	1,972	12,117
Physician and Nurses Recognition Awards	19,300	0	19,300
Wages	223,862	34,193	258,055
Employees Health Benefits	4,232,858	1,074,497	5,307,355
Annuitants' Hospitalization Insurance	2,624,345	666,834	3,291,179
Social Security Contributions	2,966,816	647,837	3,614,653
Retirement Contributions	226,898	51,211	278,109
State Workmen's Ins. Premium Payments	743,013	161,908	904,921
Employees' Group Life Insurance	86,796	19,738	106,534
Out-Service Training	22,164	8,005	30,169
Unemployment Compensation	6,061	0	6,061
General Pay Increase	238,411	57,437	295,848
Sick Leave Payout	102,306	72,000	174,306
Conference Registration	68,946	0	68,946
In-Service Training	16,000	866	16,866
Management Performance Awards	12,000	4,500	16,500
Holiday Comp. Time	0	313	313
Annual Leave Payout	78,021	108,379	186,400
Indirect Cost Transfer - Personnel Services	778,275	164,359	942,634
Personnel Services - Transfers	<u>895,196</u>	<u>675,010</u>	<u>1,570,206</u>
Subtotal - Personnel Services	\$ 51,490,285	\$12,121,074	\$ 63,611,359
<i><u>Operational Expenses:</u></i>			
Auditor General Services	\$ 16,823	\$ 41,380	\$ 58,203
Civil Service Commission Services	186,242	42,739	228,981
Contracted Repairs	6,357	122,092	128,449
Classification and Pay Services	228	8,400	8,628
Purchasing Services	12,029	29,108	41,137
EDP Services - Commonwealth Provided	68,076	0	68,076
Consultant Fees	9,018	488,660	497,678
Specialized Services	656,440	690,683	1,347,123
Treasury Department Services	37,136	4,829	41,965
Legal Fees	2,196	0	2,196
Clinic Services - Medical, Mental & Dental	(7,401)	5,135	(2,266)

Table 9 (Continued)

<u>Major/Minor Object</u>	<u>Programs</u>		<u>OVR Total</u>
	<u>Federal/State^a</u>	<u>State & Other^b</u>	
<i>Operational Expenses (Continued):</i>			
Conference Expenses	\$ 15,836	\$ 12,840	\$ 28,676
Relocation Expenses	69,008	0	69,008
Contracted Personnel Services	2,771	24,799	27,570
Printing	26,559	58	26,617
Advertising	5,041	27,347	32,388
Conference Expenses - Promotional Expenses ...	1,140	0	1,140
Toll Free Phone Service.....	167,172	8,346	175,518
Postage	221,603	17,083	238,686
Freight.....	15,247	2,106	17,353
Telephone and Telegraph Monthly Costs	174,064	35,876	209,940
Long Distance Toll Charges.....	35,603	657	36,260
Telephone and Telegraph Equip. - Installation..	23,151	250	23,401
Travel	1,709,411	62,340	1,771,751
Radio Equipment – Lease	5,968	0	5,968
Miscellaneous Telecomm. Equipment - Lease	448	0	448
PA Telephone Network Proration	121,628	2,325	123,953
Travel - Out-Service Training.....	44,124	0	44,124
Water and Sewage	836	70,290	71,126
Electricity	419	229,742	230,161
Heating Fuel	4,939	183,009	187,948
Purchasing Card Purchases.....	454,464	0	454,464
EDP Contracted Services - Vendor Provided.....	1,218,091	41,555	1,259,646
EDP Equipment Rental - Word Processing	43,078	0	43,078
EDP Software Rental - Vendor Provided	334,248	40,721	374,969
Subscriptions.....	207	1,399	1,606
Membership Dues	36,590	17,807	54,397
Educational Books	729	129,546	130,275
Insurance, Surety, and Fidelity Bonds	24,324	12,466	36,790
Motorized Equipment Supplies	6,586	11,470	18,056
Motorized Equipment Repairs	2,264	6,014	8,278
Contracted Maintenance Services - Data			
Processing	69,587	15,150	84,737
Contracted Maint. Services - Telephone Equip ..	7,091	0	7,091
Contracted Maint. Svcs. – Bldgs. & Grounds.	39,780	66,268	106,048
Contracted Maint. Svcs. - Office Equipment	189	31,004	31,193
Contracted Maintenance Services - Other	226	34,636	34,862
Rent of Real Estate.....	2,822,183	0	2,822,183
EDP Equip. Rental - Computers & Peripherals .	1,015,134	135,888	1,151,022
Motorized Equipment Rentals	16,813	6,000	22,813
Other Equipment Rentals	244,151	138,730	382,881
Drugs	0	4,463	4,463
Medical Supplies.....	0	59,230	59,230

Table 9 (Continued)

<u>Major/Minor Object</u>	<u>Programs</u>		<u>OVR Total</u>
	<u>Federal/State^a</u>	<u>State & Other^b</u>	
<i>Operational Expenses (Continued):</i>			
Wearing Apparel.....	\$ 0	\$ 2,817	\$ 2,817
Food	0	312,840	312,840
Housekeeping Supplies	405	141,185	141,590
Office Supplies	716,922	244,501	961,423
Educational Supplies.....	42,564	222,168	264,732
Agricultural Supplies	0	864	864
Recreational Supplies.....	0	33,353	33,353
Maintenance Material Supplies.....	267	166,669	166,936
Library Supplies	0	4,310	4,310
Other Services and Supplies.....	252,807	207	253,014
Operational Expenses – Transfers	<u>62,398</u>	<u>77,189</u>	<u>139,587</u>
Subtotal – Operational Expenses	\$ 11,043,210	\$ 4,068,544	\$ 15,111,754
<i>Fixed Assets:</i>			
Purchased EDP Equip. - Computer and Peripherals.....	\$ 125,364	\$ 0	\$ 125,364
Purchase of EDP Software	155,737	0	155,737
Office Equipment.....	6,032	0	6,032
Telephone Equipment – Purchase.....	24,281	0	24,281
Furniture and Furnishings.....	<u>3,313</u>	<u>0</u>	<u>3,313</u>
Subtotal - Fixed Assets.....	\$ 314,727	\$ 0	\$ 314,727
<i>Subsidies and Grants:</i>			
Grants and Payments to Institutions.....	\$ 0	\$ 809,000	\$ 809,000
Federal Payments - Nonprofit Institutions.....	2,407,573	0	2,407,573
State Payments - Nonprofit Institutions.....	2,709,119	1,218,000	3,927,119
Paymts to Third Parties - Individual Services ...	76,198,717	2,066,644	78,265,361
State Payments for For-Profit Entities.....	<u>0</u>	<u>872,053</u>	<u>872,053</u>
Subtotal - Subsidies and Grants.....	\$ 81,315,409	\$ 4,965,697	\$ 86,281,106
<i>Other Costs:</i>			
Depreciation – Equipment	\$ 0	\$ 255,957	\$ 255,957
Building Use Allowance	0	277,963	277,963
Depreciation – Improvements.....	<u>0</u>	<u>1,039,321</u>	<u>1,039,321</u>
Subtotal - Other Costs.....	\$ 0	\$ 1,573,241	\$ 1,573,241
OVR Total.....	\$144,163,631	\$22,728,556	\$166,892,187

^aIncludes the following appropriations: Federal and State Basic Support, Federal and State Supported Employment, Federal Independent Living, Social Security funds, and Training Grant funds.

^bIncludes the following appropriations: State Vocational Rehabilitation Program, State Independent Living, ICAN Grants, Assistive Technology Lending Library, and funding for the Rehabilitation Center.

Source: Developed by LB&FC staff using fiscal data obtained from the Pennsylvania OVR.

V. Study Findings Related to Program Services and Funding

A. The OVR Has Not Done a Required Statewide Needs Assessment to Identify the Program's Target Population

The Federal Requirement

In accordance with the Federal Rehabilitation Act, states participating in the federal Vocational Rehabilitation Program must have a state plan which, among other requirements, is to include the results of a comprehensive statewide needs assessment. Specifically, 29 U.S.C. §721(a)(15), states as follows:

The state plan shall:

- (i) include the results of a comprehensive statewide assessment, jointly conducted by the designated state unit and the State Rehabilitation Council (if the state has such a council) every 3 years, describing the rehabilitation needs of individuals with disabilities residing within the state, particularly the vocational rehabilitation services needs of:
 - (I) individuals with the most significant disabilities, including their need for supported employment services;
 - (II) individuals with disabilities who are minorities and individuals with disabilities who have been unserved or underserved by the Vocational Rehabilitation Program carried out under this chapter; and
 - (III) individuals with disabilities served through other components of the statewide workforce investment system (other than the Vocational Rehabilitation Program), as identified by such individuals and personnel assisting such individuals through the components;
- (ii) include an assessment of the need to establish, develop, or improve community rehabilitation programs within the state; and
- (iii) provide that the state shall submit to the Commissioner a report containing information regarding updates to the assessments, for any year in which the state updates the assessments.

The comprehensive statewide assessment is to be used, along with other factors, to help establish goals and priorities for the state in carrying out the program.

Also, the state plan must describe the strategies to be used in addressing the needs identified in the statewide assessment.

The subject of needs assessment is included in federal program guidance to states that submit a State Unified Plan as authorized under the Workforce Investment Act of 1998. The *State Unified Plan Planning Guidance* discusses various programs and planning features provided under the WIA. Guidance specific to the Vocational Rehabilitation Program provides that states include estimates of the following:

- the number of individuals in the state who are eligible for services under title I of the Rehabilitation Act;
- the number of such individuals who will receive services provided with federal funds provided under part B of Title I and under part B of Title VI (including, if the designated state agency uses an order of selection, estimates of the number of individuals to be served under each priority category within the order); and
- the costs of the services provided (including, if the designated state agency uses an order of selection, the service costs for each priority category within the order.)

The guidance document further states that:

agencies should fulfill these assessment responsibilities collaboratively or, at a minimum, create a planning process that promotes the sharing of needs assessment information among all agencies involved in preparing the unified plan. Sharing of assessment data can create a framework for the coordinated and integrated services that are to be provided through the One-Stop delivery system. The state may organize the presentation of assessment data in its unified plan in a manner it deems most appropriate and useful for planning, such as on a program-by-program basis, by geographic region, or by special population.

Needs Assessment in the Pennsylvania Program

Current Practice

The OVR does not have a formal needs assessment process and, instead relies on information derived from the decennial U.S. Census. As part of the census, the U.S. Bureau of the Census compiles information that allows the development of an estimate of the number of persons in the state's population between the ages of 16 and 64 who have a disability. The Census also includes questions which relate the reported disability to individuals' employment status.

As of April 2002, the OVR's needs assessment data was based on the results of the 1990 U.S. Census. Based on this data, Pennsylvania has an estimated population of 617,165 persons aged 16 to 64 with a disability. As viewed by OVR, this figure represents the size of the population potentially in need of the agency's services. Of this number, according to the 1990 census:

- 331,916 persons have a disability that prevents them from working;
- 59,764 have a disability that does not prevent them from working, but they are not interested in working;
- 195,241 have a disability and are employed; and
- 30,244 have a disability and are in the labor force, but are presently unemployed.

OVR generally represents its target population as being in excess of 600,000 (based on the 1990 census figure of 617,165). It appears that the estimate of population in need of services could be reduced by about 60,000 based on the 59,764 persons who indicated they are not interested in working. OVR reportedly maintains census statistics of this type for each of Pennsylvania's 67 counties. OVR officials expect that updated information based on the 2000 Census will be available by the summer of 2002.

Positions on the Needs Assessment Requirement

OVR Position. OVR program officials have traditionally not considered the formal conduct of a comprehensive needs assessment study to be a matter of high priority. Prior LB&FC studies done in 1983 and 1986 both cited the absence of a formal needs assessment mechanism. As is the case today, program officials then relied instead on information reported as part of the U.S. Census.

OVR officials report that the agency did retain a consultant in 1986 to conduct a needs assessment. In their estimation, however, the information gained through this study was no more reliable than the information that is available at no cost from the Census. The Executive Director offered the following additional points for consideration on the subject of needs assessment. The first point is that the OVR knows it is unable to serve all persons in need of OVR services; this is illustrated by Pennsylvania's use of an "Order of Selection" which targets their efforts and resources to those most in need, based on the severity or significance of the disability. His second point is that the RSA has not found fault with Pennsylvania's use of Census data, resources have not been adversely affected and federal funds have not been reduced pending the completion of a comprehensive study. Finally, in the Executive Director's opinion, the cost of a formal needs assessment would outweigh the benefits of following through with such a study, thereby reducing available funds for customer services.

At the same time, however, the OVR Executive Director stated he is continuing to work with the State Rehabilitation Council on many fronts, including needs assessment, and anticipates that a needs assessment tool will be developed. He suggested that this tool may involve a questionnaire survey to persons with disabilities, asking them to identify their specific needs.

Pennsylvania Rehabilitation Council. The Rehabilitation Council appears intent on complying with the Federal Rehabilitation Act requirement that the OVR and the Council jointly conduct a comprehensive statewide needs assessment. This position is evident in a series of recommendations the Council approved and forwarded to the OVR in support of a formal assessment process. Interaction on this subject has occurred in written comments and responses that are a part of the *Combined Agency State Plan* input process. These are summarized on Exhibit 4.

In making these recommendations, the Council noted that the current needs assessment data could be improved in its scope and justification. The Council also stated that in addition to estimates of students who will exit Special Education, the assessment should, at a minimum, address the following:

- plans by the Offices of Mental Retardation and Mental Health/Substance Abuse to reduce the census of inpatient facilities;
- the number of persons working in sheltered workshops who may be ready for competitive placement;
- the impact of changes in the age criteria for retirement on requests for service from persons over age 64; and
- development of a formula to estimate the number of persons who might choose to be served by the TEAM PA CareerLink instead of OVR because of their level in the Order of Selection.

Assessment data of this type cannot be generated from the U.S. Census data.

RSA Region III. The Assistant Regional Commissioner for Region III also serves as the RSA regional representative for Pennsylvania. We discussed OVR's needs assessment practices (i.e., reliance on decennial census data) with him and sought RSA's position on this method in light of the federal statutory requirement.

The RSA representative stated that while needs assessment is mandated in the law, neither federal statute nor regulations prescribe a required or preferred method for establishing need. He noted, however, that while census data is a good measure, it should not be the sole measure used by a state's OVR program. He said that the OVR Executive Director has advised RSA that Pennsylvania uses other measures (customer satisfaction surveys) in conjunction with the census

Exhibit 4

**Interaction Between the OVR and PA Rehabilitation Council (RC)
On the Needs Assessment Requirement**

Rehabilitation Council Recommendation:	OVR Response:
<p><u>Approved by the RC in 1998:</u> The RC should be represented, either by an RC member or by support staff, on any work groups created to conduct the assessments listed below, analyze their results, develop reports, and make recommendations based on these assessments, and develop or revise policies based on these assessments.</p> <ul style="list-style-type: none"> • Statewide needs assessments • Statewide review of outreach programs • Statewide review of services to individuals with most severe disabilities • Annual program evaluation to assess status of goals, amend the State Plan and Strategic Plan, the impact of the order of selection and any needs for revision, and the characteristics of persons determined to be ineligible for service. 	<p><u>Status Reported as of 1999:</u> OVR has not created workgroups to undertake these activities. It does publish annual statistical data concerning services and placement outcomes for persons with the most severe disabilities. Program evaluation information tends to be disseminated in separate documents rather than a single report.</p>
<p><u>New recommendation Approved by RC in Spring 1999:</u> The Council recommends that OVR</p> <ul style="list-style-type: none"> • Conduct a statewide needs assessment in FFY 00 • Schedule a statewide review of outreach programs no later than FFY 01 • Publish a single Program Evaluation document annually. 	<p><u>OVR's 1999 Response to New Recommendation:</u> OVR is interested in collaborating with the RC and staff on strategies to address the recommendation for a statewide needs assessment, work with the MAC and RC regarding the potential review of statewide outreach programs and improve the OVR reporting processes.</p>
<p>In the FFY 2001 update to the State Plan, the Rehabilitation Council restated its recommendations as presented above and indicated its belief that the recommendations should "carry over."</p>	<p><u>OVR's 2000 Report on Status of Recommendation:</u> At present, there has not been any discussion to our knowledge, concerning the need to conduct a statewide needs assessment for FFY 2000. OVR conducted an assessment in the late 1980's. It was costly, about \$168,000, and involved many OVR man hours working with the contractor, Abt. Associates.</p>
<p><u>New Recommendations Approved by RC for FFY 2002 State Plan Update:</u></p> <ol style="list-style-type: none"> 1. OVR and the PA-RC jointly develop a plan to increase the scope of the Needs Assessment for Attachments 4.12(a) and (b) by September 30, 2001. 2. Time frames should be developed to implement the assessment. 	<p><u>OVR's 2001 Response to New Recommendation:</u> Demands for services currently outweigh the agency's resources. Rather than divert limited case service dollars to financially support a Statewide Needs Assessment, the OVR will continue to use existing data, reports, satisfaction survey results, etc. to assess needs.</p>

Source: -Developed by the LB&FC staff based on the *OVR Combined Agency State Plan-2000 - 2004*, and updates, obtained from the Office of Vocational Rehabilitation.

information. On that basis, RSA appears satisfied that the OVR is taking a reasonable approach to needs assessment.

Other Perspectives. The Executive Director of the national Council of State Administrators of Vocational Rehabilitation also indicated that he believes Pennsylvania's use of U.S. Census data for needs assessment is legitimate. He also suggested that we contact the Illinois Office of Rehabilitation for information on how that state supplements U.S. Census data with other needs assessment instruments.

An official of the Illinois Department of Human Resources stated that his agency believes census data can be legitimately used for needs assessment purposes so long as it is augmented by other means of gauging and updating the service requirements of the program's target population. In the Illinois VR program, census data on the number of persons with disabilities in the population is reportedly augmented with information the agency gains through surveys sent to interest groups, focus groups, and community forums.

B. Because the OVR Is Not Able to Serve All Eligible Individuals, It Prioritizes Services to the Most Significantly Disabled

Federal Requirements

The Federal Rehabilitation Act requires that in the event vocational rehabilitation services cannot be provided to all eligible individuals who apply for services, the state shall establish and follow an order to be used in selecting individuals to receive services. The act, at 29 U.S.C. §721(a)(5), states as follows:

Order of Selection for vocational rehabilitation services. In the event that vocational rehabilitation services cannot be provided to eligible individuals with disabilities in the state who apply for the services, the State Plan shall:

- (A) show the order to be followed in selecting eligible individuals to be provided vocational rehabilitation services;
- (B) provide the justification for the order of selection;
- (C) include an assurance that, in accordance with criteria established by the State for the order of selection, individuals with the most significant disabilities will be selected first for the provision of vocational rehabilitation services; and
- (D) provide that eligible individuals, who do not meet the order of selection criteria, shall have access to services provided through the information and referral system implemented under paragraph (20).

Federal regulations require that the designated state unit must determine, prior to the beginning of each fiscal year, whether to establish and implement an order of selection. An order of selection is to be based on a refinement of the criteria in the statutory definition of “individual with a significant disability” and may not be based on any other factors, including such things as (1) duration of residency; (2) type of disability; (3) age, gender, race, color, or national origin; (4) source of referral; (5) type of expected employment outcome; (6) need for specific services or anticipated cost of services required by an individual; or (7) income level of an individual or individual’s family.

Pennsylvania’s Order of Selection

Establishment. The Pennsylvania State Board of Vocational Rehabilitation, in consultation with the State Rehabilitation Council, has directed the OVR to

establish and implement an Order of Selection. The Order has been in place since March 1, 1994.

The designated state unit (i.e., OVR) must consult with the State Rehabilitation Council regarding the need to establish an order of selection, priority categories under the order of selection, criteria for determining "most significant disabilities," and administration of the order of selection. Under this policy, OVR provides vocational rehabilitation services through its federal/state program only to individuals classified as Most Significantly (formerly Severely) Disabled (MSD).¹

Individuals who applied for services on or after March 1, 1994, and are classified as Significantly Disabled (SD) or Non-Significantly Disabled (NSD) may be provided diagnostic services only. Maintenance and transportation may be authorized as appropriate during the provision of diagnostics services. The Order of Selection is stated as follows:

First priority is provided to individuals with the MSD; second priority to SD; and third, to individuals with NSD. Additionally, the policy states that Public Safety Officers, whose disability arose from an impairment sustained in the line of duty, receive priority over other individuals in the same category. (See Exhibit 5.)

In December 1999, the State Board of Vocational Rehabilitation made slight revisions to the policy, and clarified its use by both OVR and Bureau of Blindness and Visual Services (BBVS) staff. The policy, as revised, became effective in April 2000 for all customers of the combined agency. The policy does not apply to individuals applying for BBVS services prior to April 1, 2000. All new applicants for services are to be notified about the Order of Selection.

Determining Level of Significance. Individual OVR counselors make a determination of the level of significance of a customer's disability(ies). This determination may be made at acceptance, but it must be made prior to the development of the Individualized Plan for Employment (IPE). (See Exhibit 6.) Significance of disability is defined on the basis of functional capacities and the requirement of multiple vocational rehabilitation services. (See Exhibit 5.) It is also based on medical, educational, social and other relevant information provided by the customer (and/or as verified by professional or official sources). The vocational rehabilitation counselors are required to document the level of severity they determine in the customer's case file; the file must support the determination of the level of severity including the functional limitation factors on which the level of MSD is based.

¹Except that some OVR customers who are not classified as MSD receive services through the state component of the program. (See Finding D.)

Exhibit 5

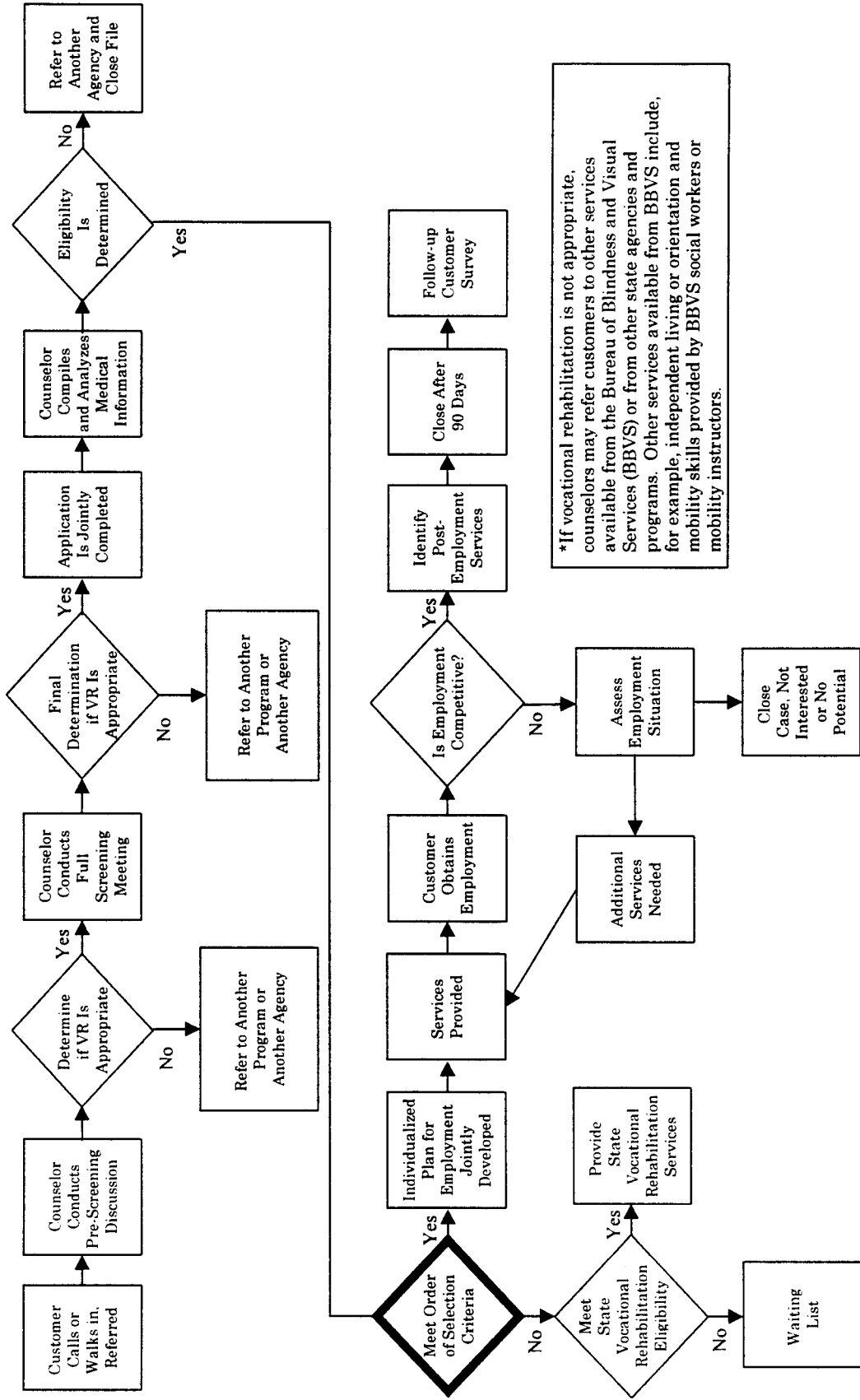
OVR Order of Selection: Definitions and Description of Functional Capacities

Definitions:	
1. Most Significantly Disabled (MSD)	
<ul style="list-style-type: none"> • The physical, mental, or sensory impairments must seriously limit three or more of the individual's functional capacities, and • The individual must be expected to require multiple vocational rehabilitation services over an extended period of time. 	
2. Significantly Disabled (SD)	
<ul style="list-style-type: none"> • The physical, mental, or sensory impairment(s) must seriously limit one or more of the individual's functional capacities, and • The individual must be expected to require multiple vocational rehabilitation services over an extended period of time. 	
3. Non-significantly Disabled (NSD)	
<ul style="list-style-type: none"> • The individual has a physical, mental, or sensory impairment that does not meet the definition for MSD or SD. 	
Functional Capacities:	
Physical Mobility	Limited personal mobility – includes but not limited to, ambulation, transportation, and/or accessibility.
Dexterity and Coordination	Limited dexterity and coordination – includes but not limited to, basic life skill, independent self-care, ability to write and/or successfully manipulate objects.
Physical Tolerance	Limited physical tolerance – includes but not limited to, endurance, speed, and/or fatigue.
Personal Behaviors	Inappropriate behaviors – includes but not limited to, interpersonal relationships, attendance, punctuality, grooming, hygiene, and/or social responsibility.
Ability to Benefit From Traditional Learning Methods (Formerly Capacity to Learn)	Includes but not limited to, reduced capacity to retain or learn at an acceptable rate through traditional means due to difficulties with visual or auditory processing, cognitive integration, retention or retrieval of information, and/or reduction of sensory receptivity.
Repeat Hospitalizations	The physical, mental, or sensory impairment(s) has caused repeated hospitalizations and/or medical interventions.
Environmental Interaction	Limited ability to perceive or interact with the environment – includes but not limited to, daily life skills, communication, safety, and/or health.
Life Planning	Experiences great difficulty formulating and/or implementing plans dealing with employment, living arrangements, or the direction of one's own life. Also includes but not limited to, limited ability concerning reality adjustment, quality assessment of available choices, and/or thinking through choices to a logical conclusion.

Source: Developed by LB&FC staff from Program Policies and Guidelines Memorandum No. 00-200.02 on the Order of Selection, dated February 7, 2000, Office of Vocational Rehabilitation, Department of Labor and Industry.

Exhibit 6

Vocational Rehabilitation Program Service Delivery Process



Source: Developed by LB&FC staff from an examination of the OVR's service delivery process and procedures, and related OVR program materials.

Actions and decisions made by vocational rehabilitation counselors are subject to review. A Vocational Rehabilitation Counselor I must obtain supervisory approval prior to the expenditure of case service funding. Similarly, actions by both Vocational Rehabilitation Counselors I and II are subject to systematic and random quality control checks through a post-audit review process.

State Plan Requirements. The federally mandated State Plan for the State Vocational Rehabilitation Services Program requires that the designated state unit (OVR) specify whether it is able to provide the full range of services listed under the plan, as appropriate, to all eligible individuals with disabilities in the state who apply for services.

In its *Combined Agency State Plan 2000-2004*, the OVR indicated that it would not be able to serve all eligible individuals with the available resources and adopted an Order of Selection.

The State Plan further requires (if the designated state unit is operating on an order of selection) that, as Attachment 4.12(c)(2)(A) to the plan, it:

shows the order to be followed in selecting individuals to be provided vocational rehabilitation services and provides a justification for the order, the service and outcome goals, and the time within which these goals may be achieved for individuals in each priority category

OVR's current plan complies with these provisions.

Perspectives on Order of Selection. Although it is a federal mandate, a number of OVR staff expressed concern about the program's continued operation on an Order of Selection policy. In response to an LB&FC staff study questionnaire, some counselor staff observed that the Order of Selection precludes them from providing services to many persons who would require relatively few services in order to become competitively employed. One counselor expressed the opinion that selection should be based on "the realistic attainment of competitive employment." Others stated:

- It has been many years since OVR has been placed on a "most significantly disabled" priority. It is time to seek increased funding to serve that segment of the population who do not meet those guidelines, but in most instances could greatly benefit from the expertise of OVR professionals in guiding them into suitable employment and independence; and
- I feel that OVR's mandate to serve "the most severe disabled" is unfair and not cost-effective. By following this mandate, most of OVR's money is spent on a small percentage of individuals with a disability and these individuals have the least potential to become competitively employed.

Individuals who have a less severe disability are less expensive to rehabilitate and return and have a better chance to become competitively employed.

OVR's Executive Director stated that he understands the basis of some of the staff concerns over the Order of Selection Policy. He notes, however, that the policy itself originates with the recognition by program managers that insufficient resources are available to adequately serve the existing eligible target population. Pennsylvania is not unique in this regard. As of FFY 1992, both the general and blind agencies in 22 states including Pennsylvania were operating on an Order of Selection. (See Exhibit 7.)

Waiting Lists for Services

An OVR brochure entitled "Rehabilitation Services Handbook" includes the following notice regarding the maintenance of Vocational Rehabilitation Program waiting lists:

When OVR does not have money to provide services to all eligible individuals, it is required to provide services according to an Order of Selection. Under an Order of Selection, a certain group (or groups) of individuals receive services while others are placed on an indefinite waiting list should sufficient funds become available. OVR's Order of Selection places all eligible individuals into one of three groups as follows:

- Individuals with the Most Significant Disabilities
- Individuals with Significant Disabilities
- All remaining eligible individuals.

Should you be eligible for OVR services, your counselor will inform you if OVR is on an Order of Selection and *whether you will be provided services or placed on a waiting list.* [Emphasis added.]

Because OVR does not have enough funding to provide services to all eligible individuals and is operating on an Order of Selection, it seems safe to assume that some number of persons are awaiting services. Accordingly, we sought information from OVR on the agency's waiting list policies and the size of any waiting lists as of April 2002.

We found that, despite the reference to waiting lists in the OVR handbook, information on the existence and exact size of such list or lists is not readily available from the OVR. According to the OVR Executive Director, the agency does not maintain an official statewide list of persons awaiting services from the federal/state program. He explained that since OVR is on an Order of Selection,

Exhibit 7

**Order of Selection Status for
State Vocational Rehabilitation Agencies
(FFY 2002)**

State	General Agency	Blind Agency	State	General Agency	Blind Agency
Alabama	No	No	New Jersey	Yes	No
Alaska	No	No	New Mexico	No	Yes
Arizona	Yes	Yes	New York	No	No
Arkansas	Yes	Yes	North Carolina	No	No
California	Yes	Yes	North Dakota	Yes	Yes
Colorado	Yes	Yes	Ohio	Yes	Yes
Connecticut	Yes	No	Oklahoma	Yes	Yes
Delaware	No	Yes	Oregon	No	Yes
Florida	No	No	Pennsylvania	Yes	Yes
Georgia	Yes	Yes	Rhode Island	Yes	Yes
Hawaii	Yes	Yes	South Carolina	No	No
Idaho	No	No	South Dakota	No	No
Illinois	Yes	Yes	Tennessee	Yes	Yes
Indiana	No	No	Texas	No	No
Iowa	Yes	Yes	Utah	No	No
Kansas	Yes	Yes	Vermont	Yes	No
Kentucky	Yes	Yes	Virginia	No	No
Louisiana	Yes	Yes	Washington	Yes	No
Maine	Yes	Yes	West Virginia	Yes	Yes
Maryland	Yes	Yes	Wisconsin	Yes	Yes
Massachusetts	Yes	No	Wyoming	No	No
Michigan	No	No			
Minnesota	Yes	No	Other Jurisdictions		
Mississippi	Yes	Yes	American Samoa	No	No
Missouri	No	No	CNMI	No	No
Montana	No	No	District of Columbia	No	No
Nebraska	Yes	No	Guam	No	No
Nevada	No	No	Puerto Rico	No	No
New Hampshire	No	No	Virgin Islands	Yes	Yes
Summary-Number of States on Order of Selection:				# of	States
Both General Agency and Blind Agency				22	
Neither General Agency nor Blind Agency				18	
General Agency Only				7	
Blind Agency Only				3	
Total.....				50	

Source: Developed by LB&FC staff from information obtained from the U.S. Department of Education, Region III, Rehabilitation Services Administration.

individuals who meet the criteria of “Most Significantly Disabled” receive services on a “first-come, first-served” basis.

We found, however, that in some cases, individuals who are classified as most significantly disabled and are accepted into the program are placed and remain in “inactive” status codes for extended time periods before services begin. For example, as of March 29, 2002, about 8 percent of the OVR’s total General Program caseload of 61,857 was reported as being in referral status (Status 00) or applicant status (Status 02). (See Table 10.) While these individuals did not appear on an official waiting list for services, they were, nevertheless, awaiting services. On average, the 1,531 persons in referral status on that date had been there for 5.7 months; and, the 3,382 in applicant status had, on average, been in that category for 3.7 months.

As of March 29, 2002, another 5,759, or 9.3 percent of the total general caseload, were reported to be in Status 10 - “Order of Selection Applied and IPE Started.” This status is used to complete the case study and assessment that is needed to develop the customer’s Individualized Plan for Employment (IPE). The customer remains in this status until his/her rehabilitation program is written and approved. The 5,759 OVR customers who were in this status on March 29, 2002, had, on average, been there for 7.4 months.

OVR’s Status Code 12 can also be viewed as an “inactive” or “non-service” status. Customers are placed in this category when their IPE has been written and approved. The customer remains in this status until at least one necessary service has been started. As of March 29, 2002, 319 customers in the General Program were in this status. They had been there, on average, for 16.8 months. Even though the individuals in the “inactive” status codes are not receiving services under their IPE, the OVR does not view them as being on a waiting list because they have been accepted into the program.

While many MSD customers are awaiting the start of their services, the term waiting list appears to apply most directly to the state-funded component of the OVR program (sometimes referred to as the “Federal Additional Waiting List Program”). Those individuals OVR counselors determine to be eligible for VR services but who do not meet the MSD criteria are placed on the waiting list to receive state services as resources become available. These persons are classified as either “significantly disabled” or “non-significantly disabled.”

OVR officials provided the following explanation regarding the waiting list:

Individuals who are determined to be Significantly Disabled (SD) or Non-Significantly Disabled (NSD), but whose service needs will exceed

Table 10

Breakdown of Caseload in the OVR General Program, by Status Code
(As of March 29, 2002)

<u>Status Code</u>	<u>Status Description</u>	<u># in Status as of 3/29/02</u>	<u>Average # of Months In Status</u>
00	Referral.....	1,531	5.74
02	Applicant	3,382	3.74
06	Trial Work Experience/Extended Evaluation (TWE)	360	12.45
08	Closed From Referral, Applicant or TWE	1,789	5.79
10	Order of Selection Applied & IPE Started	5,759	7.38
11	Customer in State Program	1,707	16.45
12	IPE for Federal Program Finalized	319	16.80
14	Counseling and Guidance Services.....	5,777	17.06
16	Physical and Mental Restoration Services.....	5,786	19.47
17	Training – High School.....	2,407	14.85
18	Training – Business and Vocational.....	10,017	17.97
19	Training – College Certificate.....	354	21.32
29	Training – College - Associate Degree.....	2,381	23.92
39	Training – College – Bachelor Degree.....	4,815	29.57
20	Ready for Employment.....	2,914	16.61
22	In Employment	1,281	4.62
24	Service Interrupted.....	1,575	15.72
26	Closed – Successful Rehabilitation.....	5,284	1.58
28	Closed, Not Rehabilitated, Received Services.....	2,567	21.74
30	Closed, Not Rehabilitated, Did Not Receive Svcs.....	<u>1,852</u>	10.16
	Totals	61,857	14.68

Source: Developed by LB&FC staff using information obtained from the Pennsylvania OVR.

12 months, are placed on the Federal/State Program waiting list.² An example would be an individual who requires an 18-month trade or technical training program. If that person's needs or goals were to change while they are on the list, they might be reconsidered for a higher place in the Order of Selection for the Federal/State Program or deemed eligible for the State Vocational Rehabilitation Program.

Individuals within the SD or NSD priority groups whose service needs can be met within 12 months may receive services from the State Vocational Rehabilitation Program. However, for Federal reporting purposes, these individuals would continue to be counted on the Federal/State Program's waiting list as still being eligible for and awaiting services from that program. Once they complete the State Program they would be removed from the Federal/State Program waiting list as well.

As of March 2002, OVR reported that a total of 1,734 persons were on the Federal/State Program's waiting list (Status Code 11). This number includes 1,707 from the general OVR population and 27 from the blind and visually impaired population. OVR officials project that during FFY 2003, an additional 980 severely disabled and 527 non-severely disabled will be accepted into the vocational rehabilitation program but will be placed on the waiting list.

Timeliness of service delivery and waiting lists are also an issue in the BBVS component of the OVR program. As of March 29, 2002, the BBVS component of the OVR caseload numbered 2,993. (See Table 11.) Of this number, 355 were reported as being in referral or applicant status. On average, those customers in referral had been in that status for 5.1 months while those in applicant status had been there an average of 5.9 months. Another 380 persons were in Status 10, awaiting the development and approval of their rehabilitation plan; on average, these customers had been in this status for 15.9 months. An additional 16 BBVS customers were awaiting the start of services following completion and approval of their IPE. On average, they had been in this status for 12.4 months.

As is the case in the General Program, BBVS does not have a formal waiting list for vocational rehabilitation services. Like the General Program, however, BBVS does appear to have situations in which customers in "inactive" status codes must wait for substantial time periods before actual services begin. According to the BBVS Director, more significant service backlogs exist for other services provided by BBVS, such as orientation and mobility instruction, rehabilitation teaching, and specialized services.

² Persons in this category are coded in OVR's caseload status system as Status 11-Accepted Customer Waiting for Rehabilitation Services. A customer placed in this status has been determined eligible for VR services, but cannot receive services because he or she does not meet the order of selection priorities or severity has not yet been determined. Customers placed in this status can receive only assessment services and/or maintenance and transportation.

Table 11

Breakdown of BBVS Caseload, by Status Code
(As of March 29, 2002)

<u>Status Code</u>	<u>Status Description</u>	<u># in Status as of 3/29/02</u>	<u>Average # of Months In Status</u>
00	Referral.....	303	5.08
02	Applicant	52	5.90
06	Trial Work Experience/Extended Evaluation (TWE)	0	0.00
08	Closed From Referral, Applicant or TWE	146	5.18
10	IPE Development Begins.....	380	15.88
11	Customer in State Program	27	10.15
12	IPE Completed, Ready to Start Services.....	16	12.38
14	Counseling and Guidance Services.....	8	15.75
16	Physical and Mental Restoration Services.....	154	15.03
17	Training – High School.....	48	10.21
18	Training – Business and Vocational.....	910	19.23
19	Training – College Certificate.....	5	7.00
29	Training – College - Associate Degree.....	45	12.16
39	Training – College – Bachelor Degree.....	252	18.22
20	Ready for Employment.....	143	17.95
22	In Employment	176	7.81
24	Service Interrupted.....	31	17.65
26	Closed – Successful Rehabilitation.....	193	4.59
28	Closed, Not Rehabilitated, Received Services.....	65	18.54
30	Closed, Not Rehabilitated, Did Not Receive Svcs.....	<u>39</u>	17.41
	Totals	2,993	14.02

Source: Developed by LB&FC staff using information obtained from the Pennsylvania OVR.

C. Most of the Nearly 12,000 Persons OVR Placed in Competitive Employment in FFY 2001 Were Classified as “Most Significantly Disabled”

Consistent with the Order of Selection mandate, the Pennsylvania Vocational Rehabilitation Program has increasingly focused resources and attention to rehabilitating those persons determined to be the “most significantly disabled.”¹ This section examines this trend and other key program statistics in the Commonwealth’s federal/state vocational rehabilitation program during the period FFY 1991 through FFY 2001.

Key Service Delivery Measures

Several measures serve as important indicators of program activities and service levels. These include:

- Referrals to the Program;
- Time Required to Determine Eligibility;
- Number of Persons Served;
- Number of Cases Closed;
- Number of Competitive Employment Placements, by Type;
- Number of Months to Successfully Complete a Rehabilitation;
- Number of Public Assistance and SSDI Recipients Successfully Rehabilitated;
- Average Number of Rehabilitations Per Counselor;
- Rehabilitation Rates; and
- Cost-Effectiveness Measures

Referrals to the Program

The vocational rehabilitation process begins when an individual contacts OVR, either through a referral or self-referral. Referrals to OVR can come from a number of sources, including the public welfare system, Social Security Offices, clergy, community provider organizations, schools, hospitals, family physicians, other health organizations, family members, or other interested parties. Once the referral is made, potential customers contact the OVR District Office nearest them to schedule an initial interview with an OVR Counselor.

The pattern of referrals to OVR between FFY 1991 and FFY 2001 is shown on Table 12. Referrals dropped in the early 1990s by 19 percent from 28,212 in FFY 1991 to 22,928 in FFY 1995. This decrease is primarily attributable to the program

¹Under “Order of Selection” OVR gives priority first to individuals with the Most Significant Disabilities (MSD); second, to individuals with Significant Disabilities (SD); and third, to individuals with Non-Significant Disabilities (NSD). See Finding B for further explanation.

moving to an Order of Selection in 1994 under which OVR can serve only those individuals deemed “most significantly disabled.” Since that time, annual referrals to OVR have remained fairly steady around 24,500. Beginning in FFY 2000, the total figures include referrals made to the BBVS.

Table 12

Annual Referrals to the Vocational Rehabilitation Program

<u>FFY</u>	<u>Number of Referrals</u>	<u>Accepted Into Program</u>	<u>IPE^a Developed</u>
1991.....	28,212	11,000	9,964
1992.....	26,287	10,541	9,353
1993.....	26,889	14,848	12,747
1994.....	24,833	20,525	15,738
1995.....	22,928	17,879	15,925
1996.....	23,984	18,566	17,050
1997.....	24,878	19,824	18,086
1998.....	23,411	19,032	17,838
1999.....	24,960	20,662	17,687
2000 ^b	25,626	21,827	18,369
2001 ^c	25,834	21,583	16,903

^aIndividualized Plan for Employment.

^bIncludes 1,218 referrals to BBVS, of which 601 were accepted into the BBVS program and of those, 541 developed a plan.

^cIncludes 904 referrals to BBVS, of which 601 were accepted into the BBVS program, and of those, 598 developed a plan.

Source: Developed by LB&FC staff using program statistics obtained from the Pennsylvania OVR.

Following referral and initial contact, OVR counselors determine the individual’s eligibility for participation in the Vocational Rehabilitation Program. If determined eligible, the individual is accepted into the program. This “acceptance” triggers the application by the OVR counselor of the Order of Selection process to determine if the customer meets the “most significantly disabled” criteria and is eligible for participation in the federal/state VR program. If not (i.e., the individual is deemed “significantly disabled” or “non-significantly disabled”), the customer qualifies for the state VR program. In either case, the customer then moves on to develop his/her IPE with the OVR counselor.

A significant change in the number of referrals accepted into the program is apparent from the data on Table 12. In FFY 1991, 11,000 or only 39 percent of all referrals were accepted in the program. By FFY 2001, the acceptance rate had increased to nearly 84 percent. OVR program officials attribute this higher acceptance rate to an extensive education effort OVR carried out to better educate

customer referral sources on the program's eligibility criteria. As a result, referring parties have reportedly been more selective in the cases they refer and concentrate on persons who express a strong interest in employment.

We also examined OVR referrals by individual district office for FFY 1999 through FFY 2001. This period was selected due to concerns that referrals to the program may have been dropping in these years due to perceived funding problems at the district office level. We found that overall, referrals to OVR were consistent during this period. After dropping by 552 in FFY 2000, total referrals increased in FFY 2001 to 24,930 (excluding BBVS).

Table 13

OVR Referrals by District Office				
<u>District Office</u>	<u>FFY 1999</u>	<u>FFY 2000</u>	<u>FFY 2001</u>	<u>% Increase (Decrease) From 1999 to 2001</u>
Harrisburg	1,279	1,137	1,104	(13.7)%
Philadelphia	3,089	3,164	3,319	7.4
Pittsburgh	3,869	3,476	3,918	1.3
Wilkes-Barre	1,403	1,421	1,396	(0.5)
Altoona	1,445	1,352	1,225	(15.2)
Reading	831	891	911	9.6
DuBois	748	633	585	(21.8)
Erie	1,764	1,891	1,777	0.7
Williamsport	1,299	1,434	1,414	8.9
Johnstown	1,561	1,613	1,366	(12.5)
Rosemont	1,675	1,736	1,807	7.9
New Castle	2,105	1,887	2,085	(1.0)
York	1,916	1,641	1,910	(0.3)
Allentown	970	1,011	978	0.8
Washington	<u>1,006</u>	<u>1,121</u>	<u>1,135</u>	<u>12.8</u>
Statewide	24,960	24,408 ^a	24,930 ^a	(0.1)%

^aDiffers from the totals shown on Table 12 because these totals do not include BBVS referrals.

Source: Developed by LB&FC staff using program statistics obtained from OVR

As Table 13 shows, there was no uniform pattern apparent among the district offices. In five districts, referrals were fairly steady. Some, including the Washington, Reading, Williamsport, Rosemont, and Philadelphia Districts had a substantial increase. Others, notably DuBois, Altoona, Harrisburg, and Johnstown, experienced a substantial decline in referrals.

Time Required to Determine Eligibility

Once an individual is referred to the OVR Program, he/she meets with an OVR Counselor, who conducts screening interviews to determine if vocational

rehabilitation is appropriate. If OVR services are not appropriate, the counselor may refer the individual to another agency for services. If it appears the customer could benefit from vocational rehabilitation, the counselor assists the customer in completing an application for services. Once the application is filled out, the counselor must further determine if the customer is eligible for the federal/state Vocational Rehabilitation Program by meeting the criteria for Order of Selection (see Finding B for a discussion of Order of Selection).

The federal Vocational Rehabilitation Act states that OVR must determine if an individual is eligible for the program “within a reasonable period of time, not to exceed 60 days” from the time the person has submitted an application for services. The law also provides, however, for an exception if the counselor has the customer sign a waiver form stating that it will take longer than 60 days to determine eligibility. This may be necessary, for example, when multiple diagnostic exams are necessary to determine eligibility.

According to OVR records, the average length of time it took for OVR counselors to determine program eligibility in FFY 2001 was 46 days. Counselors in each district office are required to record for each customer the date the application was completed and the date on which eligibility determination was made for each customer. This information is monitored by Central Office staff.

As part of their 2001 annual review of Pennsylvania’s OVR program, the federal RSA also tested OVR compliance with the 60-day guideline. RSA found that all eligibility determinations they sampled were made within 60 days.

Number of Persons Served

The OVR’s management information system records the total number of persons that come into contact with the OVR program at any of the district offices in any given year. This is referred to as the “number served” by the program in that year. This program statistic is further broken down into two categories: “number served and accepted into the program” and “number served but not accepted into the program.”

Table 14 shows that the OVR reported serving 77,270 persons in FFY 2001. Of this number, nearly 90 percent were persons who had been accepted in the program, including the following three types of cases:

- cases that were referred to OVR and accepted during the current year;
- cases that were accepted into the OVR program in a prior year, but the case is still active and the customer is still receiving services and/or attending schooling; and

- cases that were accepted, whether in the current year or past years, and closed during the current year.

Table 14

Number of Customers Served in the OVR Program

FFY	Served During the Year		Total Served
	Accepted in Program	Not Accepted in Program	
1991.....	42,238	29,832	72,070
1992.....	38,825	31,079	69,904
1993.....	41,191	28,580	69,771
1994.....	49,962	17,134	67,096
1995.....	54,091	10,935	65,026
1996.....	56,360	9,629	65,989
1997.....	64,919	3,919	68,838
1998.....	64,829	3,879	68,708
1999 ^a	63,472	8,171	71,643
2000 ^b	68,691	8,836	77,527
2001 ^c	68,391	8,879	77,270

^aIncludes 1,219 served in the State VR Program.

^bIncludes a total of 3,816 served for BBVS; 3,068 accepted into the program and 748 not accepted into the program. Also includes 1,573 served in the State VR Program.

^cIncludes a total of 3,469 served for BBVS; 2,937 accepted into the program and 532 not accepted into the program. Also includes 1,813 served in the State VR Program.

Source: Developed by LB&FC staff using program statistics obtained from OVR.

About 10 percent of the total number served are in the “served but not accepted” category. This category includes four types of cases:

- Cases where an individual was given a chance of “trial work” and after that experience, the case was not accepted. Trial work experiences are granted so that the counselor can use that experience in evaluating whether a customer would be eligible for further services. In some cases, after the trial work experience, it is determined that some individuals cannot be rehabilitated regardless of the amount and type of services provided.
- Cases where an individual filled out an application and the counselor determined the customer was not eligible for the program, or the individual decides he/she is not interested, moves, dies, or is placed in an institution. No OVR resources are expended in the case other than the counselor’s time.
- Persons that were referred to OVR and the counselor make contact with the individual, but then the individual decides they are not interested in

the program. No OVR resources are expended on the case other than the counselor's time. The distinction in this category is that no application has been submitted.

- Persons who are interested in the program, but whose case is so new it has not yet moved into the acceptance phase. Cases in this category may later be classified as "accepted into the program."

Number of Cases Closed

The ultimate objective of the OVR program is to place or return disabled individuals to competitive employment. While many cases are closed when the customer is employed, case closures also occur for other reasons. OVR records include four broad closure categories:

Case Closed—Customer Employed (Status 26). This is the preferred case closure status. This closure is referred to as a "rehabilitated case" or a "successful employment." Customers in this status have successfully completed their IPE and have been employed for a minimum of 90 days. Competitive employment means that the customer is employed in at least a minimum wage position, offering medical and health benefits, and a workplace environment that employs both non-disabled and disabled persons. During FFY 2001, 11,989 cases, or 44.6 percent of all case closures were closed as competitive employment. (See Table 15.)

Case Closed—Customer Not Employed but Services Provided (Status 28). In these cases, the customer received the services provided for in his/her IPE, but did not become employed upon completion of those services. The reasons for not obtaining employment are varied, depending on each individual's circumstances, but often include the transfer of the individual to another state program or rehabilitation program for further services. In some cases an individual may decide that he/she simply does not want to work despite the time invested in rehabilitation. During FFY 2001, about one-quarter of all closures were Status 28. (See Table 15.)

Case Closed—Customer Not Employed and Services Not Provided (Status 30). In these cases, the customer was accepted into the program but the case was closed before the services listed on the IPE were provided. Reasons for this type of closure vary and, again, depend on individual circumstances. Often the reason for the closure is because the individual was transferred to another program for assistance or chose to drop out of the OVR program for personal reasons. According to OVR staff, some persons become overwhelmed with the amount of time and effort it will take to gain employment. Status 30 closures accounted for 14.7 percent of the total in FFY 2001. (See Table 15.)

Case Closed—Other Reasons. There are a number of other reasons the OVR counselor may close a case. For example, cases can be closed when the referred customer makes contacts with an OVR counselor and the customer decides he/she is not interested in the program. (A case is considered to be established upon an individual's initial contact with an OVR counselor.) Cases can also be closed once the application for the program has been filled out by the interested party and the OVR counselor determines the customer was ineligible for services. A person can also be determined to be ineligible for the OVR program upon extended evaluation. This also results in the case being closed; 4,224 cases were closed for "other reasons" in FFY 2001. (See Table 15.)

During FFY 2001, the OVR and BBVS closed a total of 26,855 cases. (See Table 15.) While the total number of closures in FFY 2001 is down by about 9 percent from the FFY 1991 level, the number of competitive employment closures increased by 58 percent. Competitive employment closures in FFY 2001 were also substantially higher as a percentage of all closures (27 percent in FFY 1991 versus 45 percent in FFY 2001).

Table 15

Number of Cases Closed in the OVR Program					
<u>FFY</u>	<u>Customer Employed</u>	<u>Services Provided - Not Employed</u>	<u>Services Not Provided - Not Employed</u>	<u>Other Closures</u>	<u>Total</u>
1991.....	7,598	4,960	1,393	14,495	28,446
1992.....	6,664	4,558	1,260	14,538	27,020
1993.....	6,456	3,999	1,297	15,750	27,502
1994.....	7,133	4,202	2,411	11,249	24,995
1995.....	7,601	5,041	3,641	6,735	23,018
1996.....	7,983	5,816	2,943	5,287	22,029
1997.....	8,622	6,826	2,616	5,477	23,541
1998.....	8,890	6,151	2,559	4,420	22,020
1999.....	9,092	6,262	3,160	3,813	22,327
2000 ^a	10,986	7,120	3,491	4,493	26,090
2001 ^b	11,989	6,694	3,948	4,224	26,855

^aIncludes BBVS closures: 482 customers employed; 167 not employed after services provided; 87 not employed and no services provided; and 517 other closures for a total of 1,253 closures for the year.

^bIncludes BBVS closures: 489 customers employed; 164 not employed after services provided; 100 not employed and no services provided; and 279 other closures for a total of 1,032 closures for the year.

Source: Developed by LB&FC staff using program statistics obtained from OVR.

Number of Successful Employment Placements, by Type

The number of successful employments a state vocational rehabilitation agency achieves each year is an important measure of program performance. The RSA requires that each state vocational rehabilitation agency annually report this statistic.

The RSA then compares each year's number to the number of successful employment outcomes in the prior year. RSA's standard is that in order to achieve successful performance, OVR must annually meet or exceed the number of successful employment closures of the prior year.

In its FFY 1999 annual review of OVR, the RSA noted that the Pennsylvania program had 202 more successful employment closures in FFY 1999 than it did in FFY 1998. In the FFY 2000 review, RSA noted that OVR further increased successful employment closures by 1,894. Table 16 shows that the OVR has increased its number of competitive employments each year since FFY 1993.

Table 16

Successful Employment Placements Made by OVR, by Type							
Cases Closed and Customers Employed							
<u>FFY</u>	<u>MSD</u>	<u>Competitive Employment</u>	<u>Employed as Homemaker</u>	<u>In Sheltered Employment</u>	<u>Other^b</u>	<u>Total</u>	<u>Percent Change</u>
		<u>Other Disabled^a</u>					
1991 ..	1,725	4,191	1,360	c	322	7,598	--
1992 ..	1,924	3,542	874	c	324	6,664	(12.3)%
1993 ..	2,141	3,384	677	c	254	6,456	(3.1)
1994 ..	2,686	3,563	568	c	316	7,133	10.5
1995 ..	4,129	2,657	514	281	20	7,601	6.6
1996 ..	5,659	1,487	473	346	18	7,983	5.0
1997 ..	7,754	34	471	346	17	8,622	8.0
1998 ..	7,707	451	373	337	22	8,890	3.1
1999 ..	8,184	292	286	321	9	9,092	2.3
2000 ^d	9,656	407	532	369	22	10,986	20.8
2001 ^e	10,724	151	611	486	17	11,989	9.1

^aWhile OVR's federal Vocational Rehabilitation Program serves those persons deemed "most significantly disabled," that requirement did not begin until FFY 1994. Prior to that time, all individuals with disabilities were served. As such, some of those persons remain in the program while they finish their services.

^bPrimarily includes "unpaid family workers"; e.g., a person who suffers a disabling accident on a family farm and seeks OVR services to assist in returning to work.

^cSheltered employment statistics were not separately broken out until FFY 1995.

^dIncludes BBVS data: 94 MSD; 171 other disabled; 191 homemaker; 25 sheltered employment; and 1 other.

^eIncludes BBVS data: 276 MSD; 29 other disabled; 161 homemaker; 21 sheltered employment; and 2 other.

Source: Developed by LB&FC staff using information obtained from OVR.

Persons successfully employed through the Vocational Rehabilitation Program represent a wide range of disability groups. As shown on Table 17, about one-quarter of the 10,986 OVR customers successfully employed during FFY 2000 were persons with disabilities classified as "Orthopedic/Amputation." Persons with mental disorders made up 23.0 percent of the total number of customers successfully employed in that year.

Table 17

**Disability Conditions of OVR Customers
Successfully Employed in FFY 2000**

<u>Disabling Condition</u>	<u>Customers Employed</u>	<u>% of Total</u>
Orthopedic/Amputation	2,697	24.6%
Mental Disorders	2,533	23.0
Mental Retardation.....	1,292	11.8
Deaf/Hard of Hearing	972	8.8
Alcoholism/Drug Addiction.....	785	7.1
Learning Disabled.....	778	7.1
Blind/Visually Impaired	514	4.7
Traumatic Brain Injury	302	2.8
Other Physical Disabilities.....	<u>1,113</u>	<u>10.1</u>
Total Employed	10,986	100.0%

Source: Developed by LB&FC staff from information obtained from the Pennsylvania OVR.

Competitive Employment

A competitive employment closure is one in which a customer who has been receiving OVR services has been in a job for at least 90 days that pays at least minimum wage, offers medical and health benefits, and is in a workplace that employs both non-disabled persons and individuals with disabilities. Each year, OVR sets an overall goal for successful competitive employment closures and each year the goal is increased over the prior year level.

The annual goal is based on the status of present caseloads, the number of cases successfully closed in the prior year, the abilities of the counselors, and the amount of funding granted. Staff from the Central Office presents a goal to each of the four division offices, and they in turn present a goal to each of the 15 district offices. Each counselor is then given a goal for the number of successful closures they must have for the year. The counselors meet with their supervisors in establishing the goal, but the final outcome goal is determined by the supervisor. The more experienced Counselors are given a higher goal than newer counselors.

As discussed in other sections of this report, the emphasis of the Vocational Rehabilitation Program since 1994 has been on the most significantly disabled. This emphasis is evident in the data which shows that 9,656, or nearly 88 percent of all employment closures in FFY 2000 involved customers classified as “most significantly disabled.”² This is in contrast to most significantly disabled accounting for 38 percent of total competitive employment closures in FFY 1994 and 23 percent in FFY 1991.

During FFY 2000, OVR placed a total of 10,063 customers in competitive employment (9,656 MSD and 407 SD). These individuals were placed in a variety of jobs in various occupational sectors as follows: Industrial and Other—2,839 customers; Service—2,742 customers; Sales/Clerical/Administrative—2,462 customers; and Professional—2,020 customers.

Homemaker Closures

In certain cases, OVR counselors determine that the appropriate goal for a particular customer is that of homemaker. According to OVR staff, these individuals almost always have children at home, and require a caregiver to come to the home to help care for the children; or, the non-disabled spouse will have to stay home to care for the disabled individual and the children.

In working towards a homemaker outcome goal, an individual is trained in independent living skills, including self-care, housekeeping, and childcare. In theory, once the customer leaves the OVR program and becomes the homemaker, the non-disabled caregiver is then able to enter or return to the workforce. So, in addition to training the individual with disabilities to become independent in the home, the homemaker closure may allow another person to enter or reenter the competitive workforce. Homemaker closures are recorded as a successful closure (Status 26), but are not considered competitive employment.

Sheltered Employment Closures

Sheltered employment closures involve an OVR customer working in an environment outside of the traditional workplace. It is often a workshop or some other sheltered environment where an individual does not get paid or gets paid well below the minimum wage and where he/she is closely supervised. While sheltered employment is considered a successful closure (status 26), it is not a competitive employment placement.

When an OVR customer is placed in sheltered employment, the case is not closed, but, rather, is placed in a review status. One year after the placement date,

²See Finding B for an explanation of the OVR’s determination of the level of severity of a customer’s disability(ies).

the OVR counselor contacts the customer and evaluates their employment status. This same review is conducted at the two-year anniversary of the placement. Through these follow-up interviews, the counselor determines if the customer may be ready to move to a competitive employment situation.

Effective October 1, 2001, the Rehabilitation Act no longer recognizes sheltered employment as a successful employment outcome. The RSA now considers sheltered employment as an “unsuccessful” closure (Status 28) because it is not competitive employment.

In theory, the OVR Counselors will not treat these customers differently as a result of this ruling and will not stop using “sheltered employment” as an employment goal. However, in reality, the counselors only get credit for Status 26, or successful closures, and, therefore, can be expected to put more emphasis on finding competitive employment for these individuals.

Number of Months to Successfully Complete a Rehabilitation

Because each customer has different needs, the length of time required for a successful rehabilitation can vary significantly from a few months to several years. Factors that can impact the time required include the disabling condition(s) an individual has, the type of services needed, the amount of training a person has prior to entering the program, the amount of additional education and training needed, and the employment goal for the individual.

Based on OVR data for the period FFY 1997 through FFY 2001, the average time required for customers to successfully complete a rehabilitation program (i.e., for those customers who completed an IPE and were successfully employed) averaged about 30 months. This time frame begins with the day the completed application is handed to an OVR Counselor and ends with a successful employment closure, which occurs 90 days after the start of employment.

In FFY 2001, OVR placed 11,989 individuals with disabilities into employment through the Vocational Rehabilitation Program. For this particular group, the average amount of time required to successfully complete a rehabilitation program was 28.7 months.

Number of Public Assistance and SSDI Recipients Successfully Rehabilitated

Among those on the OVR caseload are persons who are receiving public assistance and SSDI payments. Once placed in competitive employment, the customers’ dependency on these payments is reduced and, in some cases, eliminated.

Table 18 shows the number of successful employment rehabilitations for persons who were public assistance or SSDI recipients. As this table shows, the number of public assistance recipients placed in successful employment has nearly doubled, from 1,573 in FFY 1991 to 3,095 in FFY 2001. In FFY 2001, public assistance recipients accounted for 25.8 percent of all successful employment placements, up from 20.7 percent in FFY 1991.

The number of SSDI recipients successfully employed has nearly tripled in the past ten years. In FFY 1991, 669 individuals receiving SSDI payments were placed into employment; by FFY 2001 this number had increased to 1,840. As a percentage of total successful employments, SSDI recipients made up 15.3 percent of total in FFY 2001 versus 8.8 percent in FFY 1991.

Persons who typically qualify for public assistance and SSDI benefits also often tend to meet the OVR criteria for classification as “most significantly disabled.” Consequently, as OVR began to apply the Order of Selection criteria and serve primarily those who are classified as most significantly disabled, the number of public assistance and SSDI recipients in the program began to increase.

OVR estimates indicate that “savings” resulting from reductions in public assistance and SSDI payments for the 4,935 customers successfully employed in FFY 2001 totaled \$19,877,256, with the majority of the savings coming from a reduction in SSDI payments.

Table 18

Number of Public Assistance and SSDI Recipients Successfully Employed				
<u>Federal Fiscal Year</u>	<u>Public Assistance Recipients</u>		<u>SSDI Recipients</u>	
	<u>Number</u>	<u>% of Placements</u>	<u>Number</u>	<u>% of Placements</u>
1991	1,573	20.7%	669	8.8%
1992.....	1,365	20.5	641	9.6
1993.....	1,301	20.2	639	9.9
1994.....	1,568	22.0	761	10.7
1995.....	1,788	23.5	956	12.6
1996.....	2,221	27.8	1,115	14.0
1997.....	2,485	28.8	1,217	14.1
1998.....	2,444	27.5	1,253	14.1
1999.....	2,441	26.8	1,144	12.6
2000.....	2,935	26.7	1,644	15.0
2001.....	3,095	25.8	1,840	15.3

Source: Developed by LB&FC staff using information obtained from the OVR.

Average Number of Rehabilitations Per Counselor

The number of successful rehabilitations is a basic measure of counselor productivity. We found that overall, the average number of rehabilitations produced per OVR counselor has increased from 21.4 in FFY 1997 to 28.5 in FFY 2001. (See Table 19.) During this period, the average number of rehabilitations increased at each of the 15 district offices.

In BBVS, the average statewide number of rehabilitations per counselor for both FFY 2000 and FFY 2001 was 16.5.

Table 19

Average Number of Rehabilitations Per VR Counselor					
(By District Office)					
<u>District Office</u>	<u>FFY 1997</u>	<u>FFY 1998</u>	<u>FFY 1999</u>	<u>FFY 2000</u>	<u>FFY 2001</u>
Allentown	17.5	18.1	19.4	21.1	25.9
Altoona	21.2	23.5	23.1	26.9	26.5
Dubois.....	21.9	21.0	21.4	29.1	27.3
Erie	19.9	23.2	21.3	25.1	26.7
Harrisburg.....	20.3	19.3	20.2	21.8	25.6
Johnstown	22.0	23.1	26.6	28.6	32.1
New Castle	25.9	29.1	29.4	33.6	37.2
Philadelphia	20.1	18.4	18.8	23.3	27.6
Pittsburgh	22.7	22.7	24.6	26.1	28.5
Reading.....	20.5	20.5	20.5	22.7	26.3
Rosemont.....	17.6	20.4	19.0	22.7	26.5
Washington	23.5	24.8	23.3	28.3	28.3
Wilkes Barre	21.4	23.3	24.4	25.5	27.9
Williamsport	20.7	22.1	23.9	26.5	30.9
York	<u>26.4</u>	<u>25.8</u>	<u>26.8</u>	<u>28.3</u>	<u>30.2</u>
Total.....	21.4	22.4	22.8	26.0	28.5

Source: Developed by LB&FC staff from information obtained from OVR.

Rehabilitation Rate

State vocational rehabilitation agencies compute an annual “rehabilitation rate” for their respective programs. As defined by the RSA, the rehabilitation rate is the number of customers who were competitively employed (Status 26) as a percentage of all customers who received services (Status 26 plus Status 28 cases). In advancing this definition, the OVR believes that the calculation of vocational rehabilitation rates in any other way would be misleading because until a person completes the services, it is not possible to determine his/her level of ability, interest, and commitment in obtaining employment.

Table 20 shows rehabilitation rates as reported to RSA for the Pennsylvania program for the past 11 years. During this period, rehabilitation rates have

averaged about 60 percent. For FYY 2001, the rate was 64.2 percent. The standard established by the RSA for this indicator is 55.8 percent. As shown in Table 20, OVR has consistently met or exceeded this standard.

Table 20

Rehabilitation Rates in the Vocational Rehabilitation Program

<u>FFY</u>	<u>After Vocational Rehabilitation Services Provided</u>			<u>Rehab. Rate</u>
	<u>Number Not Employed After Services Provided</u>	<u>Number Successfully Employed</u>	<u>Total</u>	
1991	4,960	7,598	12,558	60.5%
1992	4,558	6,664	11,222	59.4
1993	3,999	6,456	10,455	61.8
1994	4,202	7,133	11,335	62.9
1995	5,041	7,601	12,642	60.1
1996	5,816	7,983	13,799	57.9
1997	6,826	8,622	15,448	55.8
1998	6,151	8,890	15,041	59.1
1999	6,262	9,092	15,354	59.2
2000 ^a	7,120	10,986	18,106	60.7
2001 ^b	6,694	11,989	18,683	64.2

^aIncludes BBVS: 167 not employed and 482 employed.

^bIncludes BBVS: 164 not employed and 489 employed.

Source: Developed by LB&FC staff using information obtained from OVR.

Cost-Effectiveness Measures

OVR regularly calculates two measures that suggest that vocational rehabilitation is a cost-effective program. One is a “return on investment” measure that can be used to estimate the amount returned to the government for every dollar OVR spends on training persons with disabilities and placing them in employment; the other measures the number of months that is required to recover rehabilitation costs through new taxes paid by competitively-employed OVR customers and the annual savings realized in public assistance and Social Security Disability Insurance (SSDI) payments.

Return on Investment. The OVR annually calculates a return on investment ratio which measures the return realized by the government for each dollar spent on services for persons who are successfully rehabilitated and placed in employment. This calculation is based on the total estimated annual earnings of the customers OVR places in successful employment in a given year divided by the total amount OVR expended to train these individuals.

For FFY 2001, OVR estimated the annual earnings of the 11,989 customers placed in successful employment at \$178,454,692. At the time each case is closed as a successful employment, the OVR counselor records the amount of each person's weekly earnings in his/her case file. For each case that is closed for successful employment in that year, OVR staff compile weekly salary figures to come up with a total weekly earnings figure for all persons successfully employed during that year. For FFY 2001, the weekly earnings figure was \$3,431,821 for the 11,989 persons successfully employed. This figure is then multiplied by 52 to arrive at the estimated annual earnings amount, \$178,454,962.

OVR staff then examined case files for each of the 11,989 customers successfully employed that year. For FFY 2001, the total costs for their rehabilitation services amounted to \$53,101,808. This yields a "return on investment" of \$3.36 for each \$1.00 spent. There are, however, limitations in this data. For example, the "return on investment" ratio takes into account only those expenditures made to rehabilitate the individuals who became successfully employed. It does not take into account the administrative costs of the program, or the cost of serving those who did not find successful employment. It also assumes that all the individuals who received services would not have found employment on their own or through another public or private program.

Estimated Time to Recover Rehabilitation Costs. The OVR also maintains data on the number of months required to recover the costs incurred in training customers who become successfully employed. In this case, the cost recovery occurs as a result of new federal, state, and local tax revenues generated from OVR customers in employment and savings realized in the form of reduced public assistance and Social Security payments.

For FFY 2001, OVR reported that 11,989 customers were placed in successful employment. As previously stated, the cost to provide rehabilitation services to these customers was \$53,101,808. Based on OVR data, it will take less than one year (10 months) to recover these costs as a result of increased tax payments and reduced public assistance and SSDI payments.

The \$53.1 million needed to offset the OVR's costs is calculated as follows: For FFY 2001, an estimated increase in tax payments of \$46.4 million occurred as a result of taxes paid by OVR customers placed in successful employment. To arrive at this figure, OVR multiplies total annual earnings cited above (\$178,454,962) by 26 percent. The 26 percent figure is an estimate used by OVR to account for federal, state, and local income taxes.

OVR also estimates that savings in reduced public assistance and SSDI payments for the 3,095 OVR customers who were public assistance recipients and the 1,840 SSDI recipients amounted to \$19,877,256. To calculate public assistance

savings, OVR staff examines the files for each case closed that year in the successful employment status. If an individual customer was receiving public assistance payments when they entered the OVR Program, the amount of this payment is recorded in the file. Upon employment, the individual may no longer be eligible for public assistance, or may continue to be eligible, but at a reduced rate. This new public assistance amount (or \$0) is compared to the amount the person was receiving when they entered the program, and the difference is the "savings" realized as a result of employment. Because this is a weekly figure, it is then multiplied by 52 to arrive at an annual public assistance savings for that individual. This same review and calculation is made for every case closed during the year for successful employment.

To calculate SSDI savings, OVR staff works with the Social Security Administration to obtain the average monthly amount a Pennsylvania resident receives in SSDI. This is done each month and at the end of the year, the average monthly amount is calculated. The average monthly amount is then annualized. Because each OVR customer that becomes employed no longer receives SSDI payments, the average annual amount of SSDI payments is multiplied by the number of cases that were closed for successful employment to arrive at the annual SSDI savings.³

The sum of the increased tax revenues and the public assistance and SSDI savings is \$66,275,456. Dividing total service costs by the total of the estimated tax payments and public assistance and SSDI savings yields a factor of 0.8012. By multiplying this factor by 12 months, it is possible to say that service costs for this group of OVR customers can be recouped in slightly less than ten months.

As is the case with return on investment, however, this takes into account only those expenditures made to rehabilitate the individuals who became successfully employed. It does not take into account the administrative costs of the program, the cost of serving those who did not find employment, or the possibility that the customer would have found employment without OVR services.

After discontinuing a previous calculation methodology, the federal RSA is in the process of developing a revised system to more accurately measure the cost-benefit ratio of vocational rehabilitation services. RSA officials told us, however, that even though a formal assessment system is not in place, they believe that the resulting benefits of the federal/state Vocational Rehabilitation Program continue to outweigh associated program costs in all of the state programs.

³A 1996 study published by the U.S. Department of Education, National Institute on Disability and Rehabilitation Research, concluded that although only 10 percent of new Social Security recipients are currently referred for vocational rehabilitation services, the Social Security Administration estimates that for every dollar it spends on such services, it saves five dollars in reduced future benefits.

D. Some of the Persons Not Eligible for Federally-Funded Services Are Being Served Through the State’s “Waiting List Program”

Individuals whose severity of disability is either classified within the second priority (significantly disabled) or third priority (non-significantly disabled) in Pennsylvania’s current Order of Selection are not eligible for services under the federal/state program. However, since SFY 1998-99, the OVR has been providing services to some of these customers through a totally state-funded component of Pennsylvania’s Vocational Rehabilitation Program.

This component of the Vocational Rehabilitation Program has, at various times, been referred to as the “State Program,” the “State VR Demonstration Project,” and the “Federal Additional Waiting List Program.” In providing a separate line-item appropriation for this program in 1998, the General Assembly established a means by which at least some disabled persons who did not meet the MSD Order of Selection criteria could still receive services. Prior to this time, OVR had no recourse but to deny services to these individuals.

Funding and Program Spending

Since SFY 1998-99, the Legislature has appropriated a total of \$10.1 million for the state program. The Governor’s SFY 2002-03 budget proposes continuing the program at \$4.0 million. (See Table 21.)

Table 21

General Fund Appropriations for the State Vocational Rehabilitation Program (\$ Millions)	
<u>SFY</u>	<u>Amount</u>
1998-99	\$2.0
1999-00	2.0
2000-01	2.1
2001-02	4.0
2002-03 (Budget).....	4.0

Source: Developed by LB&FC staff from Commonwealth financial and budget documents.

Authority for the state program is derived from the State Vocational Rehabilitation Act. In the act, OVR is assigned responsibility for administering the expenditure of funds made available by the federal government, by the Commonwealth, and by other sources, or by any combination of these funds, for vocational rehabilitation purposes.

The state act also describes the state's eligibility for vocational rehabilitation as follows: "vocational rehabilitation services shall be provided to any individual with a disability whose vocational rehabilitation . . . can be satisfactorily achieved." While the state uses an Order of Selection under the federal program, no similar restriction is set forth in the state act.

Eligibility for the state program is, however, targeted to those persons who appear most likely to be employed in the short-term (i.e., 12 months or less). The stated intent of the appropriation is to provide only immediate and short-time services to effect an employment outcome.

Services are provided through the OVR district offices and include diagnosis, guidance and counseling, restoration, training, placement, and post-employment services. This is in contrast to persons served in the federal/state program who generally require extensive and varied services over an extended time period.

During the course of the study, OVR officials expressed concerns that, despite the presence of eligible persons on the waiting lists, VR counselors would not be able to spend all of the monies appropriated for the state program. According to the OVR Executive Director, this will be a particular concern if the amount of the state appropriation were to increase over the current \$4.0 million level.

The dilemma facing the program is that the same counselors who serve MSD customers under the federal/state program are also responsible for serving customers in the State Program. Because the OVR is operating on a federal Order of Selection basis, the counselors' priority must be on serving the most severely disabled. Also, cases in which persons are rehabilitated through the state program cannot be counted as successful rehabilitations for purposes of reporting program outcomes to the federal government. Therefore, counselors typically do not focus their efforts on the State Program.

We examined program financial reports to determine if OVR has been fully expending appropriations for the state program. As Table 22 shows, OVR has, to date, lapsed only a small amount of the state appropriation (in SFY 1999-00).

Table 22

Status of General Fund Appropriations for the VR Program				
<u>SFY</u>	<u>State Appropriation</u>	<u>Expenditures</u>	<u>Commitments</u>	<u>Lapse</u>
1998-99	\$2,000,000	\$1,416,434	\$ 583,566 ^a	\$ 0
1999-00	2,000,000	1,818,027	179,576 ^a	2,397
2000-01	2,060,000	1,662,742	397,258 ^a	0
2001-02	4,000,000	1,577,248 ^b	2,217,896	--

^aAmount spent in the following fiscal year.

^bAs of 12/31/01 with \$204,856 left to use.

Source: Developed by LB&FC staff from Commonwealth financial reports.

Service Delivery

During FFY 2001, the State Program served a total of 1,813 persons with disabilities that did not qualify them for services under the federal/state program. Of the total number of cases closed in FFY 2001, 832 or 87 percent were placed in competitive employment. (Note: All persons employed through the state program are competitively employed; this program does not have homemaker closures or placements in sheltered employment.)

Table 23

State VR Program Service Delivery Levels			
	<u>FFY 1999</u>	<u>FFY 2000</u>	<u>FFY 2001</u>
Number Served	1,219	1,573	1,813
Cases Open and Receiving Services	591	620	859
Cases Open Awaiting Services	667	593	446
Total Cases Closed During Year	628	953	954
Customers Competitively Employed	579	826	832

Source: Developed by LB&FC staff using information obtained from the Pennsylvania OVR.

Calculations using FFY 2001 program statistics result in an average cost per customer served in the State Program of \$1,158 and an average cost per rehabilitation of \$2,524. As Table 23 shows, a total of 446 persons were on a waiting list for services from the State Program in FFY 2001. (See Finding B for further discussion of program waiting lists.)

E. Services to the Blind and Visually Disabled Are Now Being Provided Through the Vocational Rehabilitation Program

The Bureau of Blindness and Visual Services (BBVS) provides both rehabilitation programs and specialized services to assist blind or visually impaired persons work and maintain independent lives. While organizationally located within the OVR since 1999, the Bureau maintains a separate organizational identity and management structure and has separate district offices.

Organizational Transfer to OVR

In July 1999, the BBVS was transferred from the Office of Social Programs in the Department of Public Welfare (DPW) to the Office of Vocational Rehabilitation (OVR) in the Department of Labor and Industry (L&I). With this transfer, Pennsylvania's OVR became a "combined state agency." That is, the state's general vocational rehabilitation agency and the state agency providing vocational rehabilitation services to the blind and visually impaired were combined in one agency.

The transfer from DPW to L&I reportedly occurred because many persons in both the public and private sectors felt that services to the blind and visually impaired would be better provided in an agency whose mission is focused more on labor and employment and less on the health care/medical model that characterized its operation in DPW. Because the mission of BBVS includes moving individuals who are blind or visually disabled into competitive employment, the OVR's mission of "assisting Pennsylvanians with disabilities to get or keep a job" appeared more compatible.

The BBVS Director related several other advantages to the transfer including an enhanced contract monitoring function and improved financial management in OVR as well as additional training opportunities for BBVS staff.

However, many advocates for the blind see a potential disadvantage in the transfer. They are concerned that the blind and visually impaired community could lose its separate identity. In their view, it is essential for programs for the blind and visually impaired to be treated separately from those of the general disabled population. This is because of a concern that BBVS caseloads were to be combined with OVR caseloads, the success rates for BBVS persons with sight impairment could be adversely affected.

The BBVS Director stated that a widely held perception is that most employers are less likely to hire a person who is visually impaired than someone with a different physical impairment. This perception causes great concern in the blind and

visually impaired community about any efforts to combine the vocational rehabilitation services provided by OVR to its clients and the vocational rehabilitation services provided by BBVS to its clients. Some advocates maintain that in order to preclude this loss of identity, the needs of the blind and visually impaired in Pennsylvania should be served by an independent agency.

Initially, the transfer from DPW to L&I was hampered by what have been described as “technical difficulties and inadequate planning.” Early in the transition, BBVS counselors experienced computer problems, such as an inability to access e-mail or a dedicated BBVS case management system. Vacancies in key staff positions and a delay in naming the BBVS director were also problematic.

As of early 2002, however, most of the problems appear to have been resolved. BBVS is now operating on an Order of Selection basis and uses the same financial needs test as does OVR. Policy differences remain on counselor performance standards and the dollar limit OVR and BBVS place on educational grants.

Remaining issues requiring additional attention include technical matters and co-location of BBVS and OVR district offices. In the technology area, BBVS counselors need to (1) gain access to the same computer screens used by other OVR counselors, (2) assume responsibility for carrying out fiscal input at the district level, and (3) get necessary software in place to improve access and use of a customer management information system.

While the BBVS has become a part of the OVR, there exists a dual management structure, and the BBVS continues to operate a parallel district structure of 6 offices in addition to the 15 OVR district offices. The six BBVS offices are more regional in nature and cover larger areas than do the OVR district offices.¹

Over time, the OVR plans to co-locate these offices. To date, co-location has taken place at the Harrisburg, Erie, Altoona, and Philadelphia OVR and BBVS district offices. The co-locations have proceeded with some degree of difficulty, and leases for two BBVS district offices were allowed to expire without renewal or replacement. There is also a need for additional space at some locations.

OVR and BBVS have initiated a pilot program referred to as “alternate headquartering,” wherein selected counselor staff assigned to various district offices work out of an alternate location (such as their own residence, a hospital, or church) to address space problems and reduce OVR administrative costs. These counselors, social workers, rehabilitation teachers, and orientation mobility instructors are linked electronically to their district offices with OVR-furnished computers, printers, telephones, and telephone lines (voice and data) to enable information to be

¹Headquartered in Altoona, Erie, Harrisburg, Philadelphia, Pittsburgh, and Wilkes-Barre; see map in Section III.

passed between the counselor and the district office. OVR also furnishes the counselors with desks, filing cabinets, and answering machines for their alternate location. Those counselors who participate in this program still spend a portion of each work week in the district office providing service to clients. OVR management stated that they are awaiting the results of the pilot project before making a decision on further co-locations and expanded use of alternate headquartering.

While the operational and administrative aspects of the transfer proceed, provisions have been made to ensure a BBVS voice on policymaking and advisory bodies. When BBVS was located in DPW, it did not have representation on the State Board of Vocational Rehabilitation. Since the transfer occurred, a person representing the blind community was added to the Board. Additionally, the members of the former BBVS Rehabilitation Council were combined into the Pennsylvania Rehabilitation Council, and a new separate Advisory Council for the Blind was created.

BBVS Programs and Services

The BBVS provides needed services to eligible Pennsylvania residents who are blind and visually impaired through 39 counselors located in the six district offices. Services, which include a variety of specialized, rehabilitative, and prevention of blindness services, are mostly provided in customers' homes. In addition to services provided directly by BBVS staff, services or equipment may be purchased or provided through agreements or contracts with vendors or related service organizations.

The typical BBVS district office has a district manager who manages the district's blind services operations and is assisted by a casework manager. Each district office is also staffed with vocational rehabilitation supervisors, vocational rehabilitation counselors, rehabilitation technicians, orientation mobility instructors, social workers, and agents for business enterprises for the blind who provide services to the blind and visually impaired in the geographic area of the state assigned to that particular BBVS district office. Clerical personnel are assigned to each office to provide support for the staff.

The BBVS counselors provide the same type of vocational rehabilitation services to their blind and visually impaired clients as do their counterpart OVR counselors. Services offered include: vocational evaluation; counseling and guidance; training; job placement; adjustment to blindness; occupational tools and equipment; orientation and mobility; and rehabilitation teaching. Services are based on an individual's needs and choices, and some or all these services may be necessary for an individual's employment. As in the program component operated by OVR's Bureau of Program Operations, BBVS counselors work directly with individual customers to determine employment goals and identify needed skills development, and develop

an individualized plan for services. The BBVS also operates under an Order of Selection.

Additionally, BBVS social workers provide specialized services such as independent living services to the older blind and other blind adults, as well as pre-vocational services to children. The orientation mobility instructors provide training to assist clients in learning to travel independently. Specific program descriptions, as stated by BBVS, follow:

Rehabilitation Teaching. Rehabilitation Teaching helps individuals safely and efficiently carry out their daily activities at home, on the job, and in the community. After a comprehensive evaluation, an individualized program of instruction is developed, and can include Braille; home management; orientation and movement; and personal management.

Orientation and Mobility. Orientation and Mobility teaches individuals how to travel independently within their homes, workplaces, and communities. Once an evaluation of needs is completed, a training plan is developed to meet specific needs.

Business Enterprise Program. The Business Enterprise Program (BEP) enables blind persons to operate food service businesses in commercial, industrial, or governmental locations. Food services can range from a vending machine route to a full size cafeteria. BEP also can assist interested persons with creative business ventures that involve direct and frequent public contact. These businesses might include: specialty product sales; food franchise operations; and gift shops or kiosks. Business sites and equipment are provided through the program, and ongoing assistance by specialized BEP counselors is available.

Specialized Services Program. Specialized Services can help individuals achieve maximum independence within their homes and communities. Specialized Services include: vision enhancement services; advocacy; counseling; information and referral; rehabilitation teaching; and orientation and mobility services. BBVS also offers specialized children's services. These services include: vision enhancement services; counseling; advocacy for educational services; transition services; community orientation and mobility; rehabilitation teaching; and developmental equipment.

Independent Living Program. This program is intended to enable person's aged 55 and older to become more self-sufficient and independent in their homes and communities. Services are similar to those provided under the Specialized Services Program, however, individuals within this program usually require minimal assistance to achieve an independent lifestyle.

BBVS Funding and Expenditures

As previously discussed, the BBVS provides both traditional vocational rehabilitation and specialized services that are not a component part of the Vocational Rehabilitation Program. Funding for BBVS comes from several different federal and state sources. These include joint federal/state funding for the Vocational Rehabilitation Program, the Independent Living—Older Blind Program, and the Business Enterprise Program; and state funding for the Independent Living Services for Adults Program and Pre-Vocational Services for Children Program.

As was the case when BBVS was located in the Department of Public Welfare, the Bureau receives a portion of Pennsylvania's federal vocational rehabilitation allocation, as well as a portion of the associated state vocational rehabilitation matching funds. According to federal regulations at 34 C.F.R. §361.65(a)(2), the size of the portion BBVS receives is a matter determined by the state:

Federal vocational rehabilitation regulations, however, provide that if a state plan designates a separate agency to administer vocational rehabilitation services for blind individuals, the division of the state vocational rehabilitation allotment is "a matter for state determination."

OVR counsel confirmed this and explained that OVR, as the designated state agency, receives the entire allotment of funds for the provision of VR services to both disabled and blind/visually impaired individuals. OVR then determines the specific amount of funding allotted to each bureau, including BBVS. Reportedly, it has been a long-standing practice to allocate 10 percent of the federal and state VR Basic Support Appropriations to the BBVS for its Vocational Rehabilitation Program activities.

We examined the BBVS allocation for SFY 2000-01. In that year, the federal government allocated \$106,539,537 to Pennsylvania in federal Section 110—Basic Support Grant monies. Pennsylvania's match of these funds amounted to \$28,834,716 from the General Fund. Together, the federal/state total was \$135,374,252. Ten percent of this amount, or \$13,537,425, was allocated to BBVS for Vocational Rehabilitation Programs.

We determined that BBVS had expenditures of \$19,347,487 (see Table 24) for vocational rehabilitation in SFY 2001. Thus, BBVS received funding beyond the 10 percent amount of \$13,537,425. The additional funds came from the State General Fund for Specialized Services.

Table 24

BBVS Expenditures for Vocational Rehabilitation, by Major Object
(SFY 2000-01)

<u>Major Object Category</u>	<u>Amount</u>	<u>% of Total</u>
Subsidies and Grants.....	\$ 9,688,787	50.1%
Personnel Services	8,077,256	41.7
Operational Expenses.....	1,574,830	8.1
Fixed Assets	<u>6,614</u>	<u>b</u>
Total ^a	\$19,347,487	100.0% ^c

^aTotal does not represent total BBVS expenditures; e.g., does not include orientation and mobility training, the Business Enterprise Program, and specialized services.

^bLess than 0.1 percent.

^cDoes not add due to rounding.

Source: Developed by LB&FC staff from information obtained from OVR.

BBVS Service Delivery

Vocational Rehabilitation

Table 25 provides statistics on key measures of BBVS service delivery for FFY 2000 and FFY 2001. In FFY 2001, Pennsylvania devoted 11.2 percent of its available case service money to vocational rehabilitation for the blind and visually impaired community. With the case service money available in FFY 2001, BBVS was able to serve 3,469 customers. Of this number, a total of 489 cases resulted in a successful employment placement. This represents a rehabilitation success rate of 74.9 percent.

This information on BBVS service delivery is limited to the Vocational Rehabilitation Program and does not include data on other program components, such as the Business Enterprise Program, BBVS specialized services, or orientation and mobility training services.

Table 25

**Key Measures of BBVS Delivery
of Vocational Rehabilitation Services**

<u>Measure</u>	<u>FFY 2000</u>	<u>FFY 2001</u>
<u>Referrals:</u>		
Referrals to BBVS Program	1,218	904
Number of Referrals Accepted into Program ^a	601	601
Number of Accepted Referrals That Developed a Plan.....	541	598
<u>Served:</u>		
Number Accepted Into Program ^b	3,068	2,937
Not Accepted Into Program	<u>748</u>	<u>532</u>
Total Served	3,816	3,469
<u>Cases Closed:</u>		
Successful Employment.....	482	489
Services Provided – Not Employed.....	167	164
Services Not Provided – Not Employed.....	87	100
Referred Customer Not Interested	426	216
Other.....	<u>91</u>	<u>63</u>
Total Closed.....	1,253	1,032
<u>Employment Placements:</u>		
MSD in Competitive Employment.....	94	276
Other Disabled in Competitive Employment.....	171	29
Employed as Homemaker	191	161
Sheltered Employment.....	25	21
Other.....	<u>1</u>	<u>2</u>
Total Employment Closures.....	482	489
<u>Rehabilitation Rate:</u>		
Number Eligible for Employment.....	649	653
Number Employed	482	489
Rehabilitation Rate.....	74.3	74.9

^aThe “number of referrals accepted” represents those individuals who were both referred and accepted into the program in the same year.

^bThis “number of acceptances” represents individuals in the program regardless of when they were referred.

Source: Developed by LB&FC staff using information obtained from the Pennsylvania OVR.

F. Case Services Expenditures Are Declining as a Percentage of Total OVR Program Spending

Among the concerns leading to this study was the belief that the OVR district offices were experiencing significant reductions in the amount of monies available to them for direct customer case services. This section examines the amounts OVR is spending for case services and the extent to which program spending for information technology, administrative support charges, OVR participation at TEAM Pennsylvania CareerLink sites, and job creation grants have contributed to reductions in case services funding. This analysis focuses on the federal/state portion of the program, which accounts for 86 percent of total annual OVR spending.

Trend in Case Services Spending

Case services are defined as the services to be provided to an OVR customer by a third party per the Individual Program for Employment (IPE) that each customer develops with an OVR counselor. Through meetings and interviews the OVR counselor and customer jointly determine an employment goal for the customer and then identify the services that will be needed in order for the customer to attain his/her goal.

Case services may include physical and mental restoration, such as psychological services, prosthetics, drug and alcohol treatment, hearing aids and devices, dental services, cognitive retraining, physical therapy, occupational therapy, surgery, visual devices and blind services, orthotics, medications, and radiology services.

Case services may also include home and job-site modifications and vehicle assessments and modifications as well as transportation services, driver education and training, and wheelchairs and other adaptive equipment. Other items that are also considered case services include tuition costs and associated fees, books and education supplies, tutoring, job coaching, vocational evaluation, and on-the-job training.

Case services are provided by third party vendors and not by the OVR Counselors. Such services are also provided to customers by grantees with whom OVR has entered into a contract. These latter services are usually job creation, job coaching, independent living skills training, and services for the blind or visually impaired. Case services also include all services provided to the students at the Hiram G. Andrews Center.

It is important to note that case services do not include OVR counselor personnel costs, or staff costs at the Hiram G. Andrews Center. Case services also do not include any of the costs of fixed assets, information technology, depreciation, or any of the operating costs of the OVR program.

The vast majority of spending for direct case services for OVR customers is made through the Basic Support Grant (i.e., federal/state) component of the Vocational Rehabilitation Program. During SFY 2000-01, spending in the Basic Support Grant Program totaled \$144.2 million. By analyzing these expenditures on a major object basis, it is possible to identify those that are made to provide direct case services to OVR customers, as they are recorded under the category "subsidies and grants."

Table 26 shows OVR expenditures for the federal/state program during SFY 1996-97 through SFY 2000-01.

Table 26

Five-Year Trend in OVR Basic Support Grant Expenditures					
(\$000)					
<u>SFY</u>	<u>Total Expenditures</u>				
	<u>Personnel</u>	<u>Operating</u>	<u>Fixed Assets</u>	<u>Subsidies & Grants</u>	<u>Total</u>
1996-97.....	\$38,068.1	\$ 6,390.1	\$881.3 ^a	\$78,357.6	\$123,697.1
1997-98.....	39,849.7	7,732.5	273.0	79,373.1	127,228.2
1998-99.....	42,276.7	10,055.6	123.2	76,815.8	129,271.4
1999-00.....	50,561.1	10,620.5	46.1	84,073.3	145,301.0
2000-01.....	51,490.3	11,043.2	314.7	81,315.4	144,163.6
<u>SFY</u>	<u>As a Percentage of Total Spending</u>				
	<u>Personnel</u>	<u>Operating</u>	<u>Fixed Assets</u>	<u>Subsidies & Grants</u>	<u>Total</u>
1996-97.....	30.8%	5.2%	0.7%	63.3%	100.0%
1997-98.....	31.3	6.1	0.2	62.4	100.0
1998-99.....	32.7	7.8	0.1	59.4	100.0
1999-00.....	34.8	7.3	b	57.9	100.0
2000-01.....	35.7	7.7	0.2	56.4	100.0

^aReflects the costs of OVR purchase and installation of Lotus Notes application software and hardware necessary to develop a standard messaging communication platform for OVR counselors.

^bLess than 0.1%.

Source: Developed by LB&FC staff using fiscal data obtained from OVR.

Analysis of Spending Components

Spending for case services (i.e., subsidies and grants) declined by 3.3 percent in SFY 2000-01 to \$81.3 million. Case services expenditures are also declining as a percentage of total program spending, dropping from 63.3 percent of total in SFY 1996-97 to 56.4 percent in SFY 2000-01.

In recent years, some persons have attributed declines in case services spending to increased expenditures by OVR for information technology, CareerLink, administrative support charges, and job creation grants. We examined each of these areas and their apparent effect on the availability of case services funds.

- *Information Technology Expenditures* – During SFY 2000-01, the OVR spent a total of \$3,029,315 for information technology (IT) services. This represents 2.1 percent of total OVR spending in SFY 2000-01 for the federal/state program.

As shown on Table 27, the vast majority of this spending (75 percent) was on two items; laptops for OVR counselors (\$1,015,134), and EDP contracted services (\$1,218,091). This latter category reflects OVR's portion of funding that is paid to the Department of Labor and Industry's Office for Information Technology (OIT). This is not a negotiated amount paid by OVR, but rather reflects the estimated costs to L&I OIT for providing these services to the OVR program. (See page 83.)

Table 27

FY 2000-01 Information Technology Expenditures, by Purpose

<u>Purpose</u>	<u>SFY 2000-01</u>
EDP Contracted Services - Vendor Provided	\$1,218,091
EDP Equipment Rental - Computers & Peripherals.....	1,015,134
EDP Software Rental - Vendor Provided	334,248
Purchased EDP Software	155,737
Purchased EDP Equipment - Computers & Peripherals	125,364
Contracted Maintenance Services-Data Processing.....	69,587
EDP Services--Commonwealth Provided	68,076
EDP Equipment Rental - Word Processing.....	<u>43,078</u>
Total Information Technology Costs	\$3,029,315

Source: Developed by LB&FC staff using fiscal data obtained from OVR.

Because of the size of the OVR program and its reliance on mainframe applications,¹ the OVR program has historically maintained its own information technology division. Recently, the Department of Labor and Industry reorganized all IT functions within the agency. As part of the reorganization, specific programs within the Department, including OVR, no longer have their own IT functions, but rather will fall within the Department of Labor and Industry's Office for Information Technology (OIT). This more centralized concept is expected to offer improved efficiencies for the Department as staff will be able to cross program lines to provide support and guidance. However, because OVR is a relatively large program and is primarily mainframe-based, it is likely that it will have dedicated staff within L&I OIT, especially for application development.

OVR's rate of spending for IT services does not appear to be excessive in light of the size of the program and IT spending as a percentage of total program costs. Over the past state fiscal five years, IT spending has ranged from a high of 3.3 percent of total program expenditures to a low of 1.9 percent of total in SFY 2000-01. (See Table 28.)

Table 28

Trend in OVR Information Technology Expenditures			
<u>SFY</u>	<u>Expenditures</u>	<u>Program Costs^a</u>	<u>% of Total</u>
1997-98.....	\$2,485,738	\$127,228,231	2.0%
1998-99.....	4,292,310	129,271,378	3.3
1999-00.....	3,734,561	145,300,962	2.6
2000-01.....	3,029,315	144,163,631	2.1
2001-02 (Rebudget)	3,025,000	162,203,000	1.9

^aFederal/state program only.

Source: Developed by LB&FC staff using fiscal data provided by OVR.

- *TEAM Pennsylvania CareerLink* – In 1998, the U.S. Congress passed the Workforce Investment Act (WIA) in order to streamline the delivery of job training services. The WIA reformed federal job training programs and created a new “one-stop” comprehensive workforce development system

¹*LB&FC Staff Observation:* The OVR program is still essentially mainframe-based and lacks a formal case management system, that would allow counselors to input and edit data from their laptops. Such a system would likely improve counselor efficiency and may reduce some administrative costs. Counselors can download read-only data from the mainframe, but this capability lacks the tools necessary to aid counselors in efficiently managing their caseload. OVR management stated that they expect to develop some type of case management system, which is Microsoft based and runs from a client/server environment, as the mainframe is antiquated and needs to be retired; however, a plan for this conversion was not in place as of March 2002.

governing programs of job training, adult education and literacy, and vocational rehabilitation.

Title IV of the WIA reauthorized the federal Rehabilitation Act programs through FFY 2003 and links these programs to the workforce development system. As such, the OVR is designated as a mandated partner in WIA programs and activities. (See Exhibit 8 below.)

Exhibit 8

Mandated Partners in the CareerLink System

Department of Labor and Industry:

- Agencies that offer programs for adult, dislocated, youth, Job Corps, Native Americans, and migrant and seasonal farm workers;
- Job Centers that offer Employment Service Programs;
- **Office of Vocational Rehabilitation;**
- Job Centers for Trade Act Programs;
- Veteran's Employment and Training Services agencies for Veteran's Employment Programs; and
- Unemployment Compensation agencies.

Department of Education:

- Adult Basic and Literacy Education agencies; and
- Secondary and Post Secondary Education Institutions for Vocational and Applied Technology Education and Post Secondary Vocational Education Programs.

Department of Public Welfare:

- County Assistance Offices to offer Social Security Programs (Welfare to Work).

Department of Aging:

- Area Agencies on Aging.

Department of Community and Economic Development:

- Community Action Agencies; and
- Agencies that provide Housing and Urban Development Employment and Training Activities.

Source: Developed by LB&FC staff from program information obtained from the Pennsylvania OVR.

In Pennsylvania, implementation of the WIA has resulted in "Team Pennsylvania CareerLink," a one-stop delivery system intended to be a seamless integrated system for providing employment and training services to employers and job seekers. As mandated in the WIA, the responsibility for developing the comprehensive one-stop "CareerLink" centers belongs to the State Workforce Investment Board (SWIB).

The SWIB established and chartered the first 27 CareerLink sites in Pennsylvania. However, effective January 1, 2000, the SWIB's responsibilities were transferred to local Workforce Investment Boards (local WIBs). The local WIBs,

whose members are appointed by local elected officials in the same composition as the SWIB, now govern Pennsylvania's CareerLink sites.

There are 24 local WIB areas each of which has at least one comprehensive CareerLink site. As of March 2002, Pennsylvania had a total of 35 comprehensive CareerLink sites. These are physical locations at which staff from the various partner agencies are expected to provide all of the core services outlined in the WIA which include outreach, intake, and orientation; initial assessment of skill levels, aptitudes, abilities, and supportive service needs; job search and placement assistance; and career counseling.

The WIA mandates that local WIBs, with the agreement of the chief elected official, develop and enter into a Memorandum of Understanding (MOU) between the local WIB and the member organizations who will be CareerLink partners concerning the operation of the CareerLink sites. The MOU provides the local WIB with an opportunity to ensure that all partners are aware and accountable for the operation and performance of the delivery system.

Other entities that carry out a human resources program, whether public or private, such as Goodwill Industries and the American Red Cross, may also participate in the CareerLink system.

The OVR participates as a full and active partner in the CareerLink system. To this end, OVR District Office Administrators serve on the local WIBs, and OVR Counselors have a physical presence at CareerLink sites.

The number of counselors assigned to a given CareerLink location and the number of hours per week they spend at the site is determined by the pertinent OVR District Office Administrator. Staffing varies from site to site, and some CareerLink sites are not staffed by an OVR counselor. The respective district offices monitor counselor activities and customer contacts at the sites through the use of "daily activity reports." According to OVR officials, 401 referrals, or about 1.6 percent of total program referrals during FFY 2001, came from CareerLink centers.

As established in the WIA, each agency that is a partner in the CareerLink system contributes to the funding of the CareerLink Centers. Costs allocated among the partners include building rent, equipment maintenance, telephone charges, office supplies, postage, building maintenance, technology purchases, marketing, and building improvements. The partners also contribute to the salaries and benefit costs for any non-state employees hired to work at the CareerLink Centers.

The amount to be contributed by each partner is determined through the cost allocation plan that is developed for each site. The methods and factors used in the cost allocation agreements are determined by each local WIB. Common factors

which are used by WIBs include the number of full-time equivalent staff positions provided by each partner, the percentage of space used and the number of customers served by each partner. According to OVR officials, the cost allocation agreements (as stated in the *Team Pennsylvania CareerLink Cost Allocation Plan and Cost Allocation Agreement Guidebook*) enable each partner agency to be aware of the amount of its “fair share” of the costs of maintaining the sites.

At the outset of this study, a number of persons associated with the Vocational Rehabilitation Program stated that they believed the OVR may be paying a disproportionate share of the total costs of CareerLink operations. We examined OVR’s financial participation in CareerLink with a focus on SFY 2000-01. We found that in that fiscal year, OVR had CareerLink expenses totaling \$302,541, or about 0.2 percent of total OVR expenditures for the year. As Table 29 shows, nearly 80 percent of the expenses allocated to OVR were for its share of rental costs at the CareerLink Centers.

Table 29

OVR Share of CareerLink Expenses
(State FY 2000-01)

<u>Purpose</u>	<u>Amount</u>
Rental of Real Estate.....	\$235,975
Operational Expenses.....	32,979
Contracted Maintenance Services – Buildings & Grounds.....	7,472
Other Equipment Rentals.....	7,100
Specialized Services.....	6,352
Conference Expenses.....	3,369
Other Services and Supplies.....	3,098
Printing.....	2,583
Telephone and Telegraph Equipment Installment.....	1,110
Telephone and Telegraph Monthly.....	647
Contracted Repairs.....	507
Travel.....	355
EDP Contracted Services – Vendor Provided.....	300
Pennsylvania Telephone Network Pro Ration.....	217
Contracted Maintenance Services – Office Equipment.....	189
Relocation Expenses.....	107
Other Expenses ^a	<u>181</u>
Total.....	<u>\$302,541</u>

^aIncludes legal fees, consultant fees, long-distance telephone charges, postage, and other miscellaneous expenses.

Source: Developed by LB&FC staff using financial data obtained from the OVR.

For testing purposes, LB&FC staff randomly selected cost allocation plans for three CareerLink Centers. We reviewed the cost allocation formulas and how they were applied. In each case, costs were allocated among the partners based on full-time equivalent staff positions and appeared to have been developed in a reasonable manner. Administrative costs were clearly defined, and each participating partner's share of the costs was clearly identified. The OVR's share of the total cost in these three cases was 2.5 percent at Site 1; 3.0 percent at Site 2; and 4.0 percent at Site 3. Overall, a Team Pennsylvania CareerLink official estimated that OVR's share of total costs is about 5 percent.

- Administrative Charges Paid to the Department of Labor and Industry - Several offices within the Department of Labor and Industry perform functions that benefit all the organizations within the department. These are known as "central services bureaus" and include, for example, the Office of Information Technology, the Bureau of Personnel, the Bureau of Financial Management, the Executive Offices, and the Office of Chief Counsel. These bureaus do not receive a separate line-item appropriation for funding. Rather, the operation of the central services bureaus is funded from charges they assess on the various program bureaus for services rendered. The amount of these administrative/support charges is computed based on a combination of staff time the central services bureau devotes to a specific program (e.g., OVR) as recorded on time distribution reports plus direct expenses incurred for specific services for a program.

In SFY 2000-01, OVR paid a total of \$2,805,266 to the Department of Labor and Industry for services rendered by the various central services bureaus. This represented 1.9 percent of the OVR's total SFY 2000-01 expenditures. Table 30 summarizes these administrative expenditures for SFY 2000-01.

Table 30

Administrative/Support Charges Paid by OVR
(State FY 2000-01)

<u>L&I Central Services Bureau</u>	<u>Amount Paid by OVR</u>
Office of Information Technology	\$1,218,091
Bureau of Personnel.....	576,065
Bureau of Administrative Services	438,114
Office of Chief Counsel.....	208,534
Office of Equal Opportunity	158,101
Executive Offices	106,929
Press Office	38,165
Office of Policy Planning & Development.....	37,231
Bureau of Financial Management	<u>24,036</u>
Total	\$2,805,266

Source: Developed by LB&FC staff using fiscal data obtained from OVR.

As can be seen from Table 30, 43 percent of the costs that OVR must pay to the Department of Labor and Industry are for information technology services. The Office of Information Technology provides various centralized services, including PC/server support, Help Desk, network connectivity, and change management.

Other costs that OVR must pay to the Department of Labor and Industry include services from the Bureau of Personnel, which provides staffing services, training, payroll, employee benefits, and employee relations' services. Funding is also provided to the Bureau of Administrative Services for printing, mailing, messenger, inventory, procurement, and copying services and for building management and maintenance. OVR also has expenditures for the Office of Chief Counsel, which has a separate division for vocational rehabilitation.

- *Grants* - The federal statute authorizes state vocational rehabilitation agencies to enter into grant agreements with both public and private agencies in order to develop and implement innovative approaches for achieving long-term success in expanding and improving vocational rehabilitation services. These grants are in addition to the arrangements state vocational rehabilitation agencies make with vendors to provide services directly to OVR customers.

General authority for such grants is provided at Section 101(a)(18) and regulations at 34 C.F.R. §361.35, which provide that the state agency shall use a portion of its funds for development and implementation of innovative approaches to expand and improve the provision of vocational rehabilitation services to individuals with disabilities.

Another section, Section 103(b)(2)(a), 29 U.S.C. §723(b)(2)(a) provides for the use of "establishment grants" to develop or improve community rehabilitation programs. Such programs are to be used to provide services that promote integration and competitive employment. Likewise, regulations at 34 C.F.R. §361.29(d)(3) and §361.49(1) provides for the establishment, development, and improvement of community rehabilitation programs, including public or nonprofit programs that promote integration and competitive employment. The same authority for establishment grants also authorizes the implementation of job creation grants.

Under this authority, the OVR enters into four different types of grant agreements:

- *Establishment grants* are used to set up or expand vocational rehabilitation services in the community via private, non-profit, and/or public agencies.

- *Innovation and expansion grants*, also known as job creation grants, are awarded for the development of local “grants-to-business” programs designed to increase employment of OVR eligible persons and to stimulate local economic growth, through the acquisition of equipment essential to production and accomplishment of the primary purpose of the business. Equipment acquired for use by local employers as a result of this process must be operated throughout the life of the equipment, by a person, or persons, with severe disabilities who are customers of OVR.
- *Grants with the 14 Centers for Independent Living* in the state to support the funding of core services to Pennsylvanians with disabilities. These core services include information and referral, peer support, independent living skills training, and advocacy.
- *Specialized service grants*. These are for services for individuals who are blind.

Based on information obtained from OVR’s Contracts and Grants Management Section, we determined that the OVR had active grant agreements with 19 organizations as of SFY 2000-01. As shown on Table 31, grant-related expenses amounted to \$6.6 million. This is about 4 percent of total OVR expenditures for the year.

In discussing the availability of case service monies, persons associated with the Vocational Rehabilitation Program frequently expressed concerns that grant spending, and especially expenditures for job creation grants, were absorbing an inordinate share of case service dollars. While job creation grants were more numerous during the 1990s,² Table 31 shows that only four job creation grants were active during FY 2000-01. These include two with Amoire Health Systems, Inc. (Southeast and Allegheny),³ one with the Corporation for Owner-Operator Projects, and one with the Northwest Pennsylvania Regional Planning and Development Commission. Both of the Amoire grants expired in February 2002. The grant with Corporation for Owner-Operator Projects terminated in March 2002, and the grant with the Northwest Pennsylvania Regional Planning and Development Commission is scheduled to terminate in November 2002. OVR expenditures for these four grants during SFY 2000-01 were \$1.3 million, or less than 1 percent of total OVR expenditures in that year.

²An audit report released by the Office of Auditor General identified 12 different job creation grants that were active during the period 1993 to 1998. The grant recipients were private nonprofit corporations, public service groups, or local/county government organizations.

³See Finding L for further information on the Amoire Health Systems grants.

Table 31

OVR Grants Active During SFY 2000-01

Grantee	Grant Purpose	Grant Expenditures		Cumulative Grant Results (Persons Served/Employed) As of 6/30/01 ^a
		For	Total	
		SFY 2000-01 Thru 6/30/01	Thru 6/30/01	
PA Statewide Independent Living Council ...	Expand and Improve IL Services	\$1,485,436	\$3,830,692	^b
PA Association for the Blind	Specialized Social Services	1,350,139	1,350,139	11,873 Individuals Served
Amore Health Systems, Inc. (Southeast).....	Job Creation	500,000	2,000,000	70 Persons Employed
Amore Health Systems, Inc. (Allegheny).....	Job Creation	350,000	1,050,000	53 Persons Employed
Corporation for Owner-Operator Projects.....	Job Creation	350,000	400,000	17 Persons Employed
Associated Services for the Blind.....	Specialized Social Services	335,406	335,406	126 Individuals Served
United Cerebral Palsy of Central PA	Administrative Support to Pennsylvania Rehab Council	250,624	937,129	^c
PA Association for the Blind	Prevention of Blindness	233,255	233,255	21,036 Individuals Served
Northeast PA CIL	Independent Living Services	194,750	602,250	1,536 Individuals Served
Anthracte Region CIL.....	Independent Living Services	174,500	493,000	609 Individuals Served
Abilities in Motion	Independent Living Services	172,000	506,950	2,318 Individuals Served
Citizens for Independence and Access.....	Independent Living Services	168,500	481,000	2,904 Individuals Served
Freedom Valley Disability Enablement, Inc.	Independent Living Services	168,500	497,250	6,820 Individuals Served
Lehigh Valley CIL.....	Independent Living Services	168,500	481,000	2,472 Individuals Served
Life and Independence for Today	Independent Living Services	168,500	497,250	4,009 Individuals Served
Tri-County Patriots for Independent Living.	Independent Living Services	168,500	497,250	2,792 Individuals Served
PA College of Optometry	Prevention of Blindness	137,206	137,206	6,437 Individuals Served
NW PA Regional Plan. & Dev. Comm.	Job Creation	111,868	111,868	10 Persons Employed
Golden Triangle Radio Info. Center, Inc.	Radio Reading Services for Blind	53,000	53,000	^d
Temple University	Augmentative Communication	37,500	103,574	8 Individuals Trained
Clarion University	Pre-Business Training & Education	22,062	85,536	121 Individuals Trained
Total.....		\$6,600,246	\$14,683,755	

^aAs reported by OVR.

^bGrant provides logistic support and coordination of activities associated with the Pennsylvania Statewide Independent Living Council.

^cGrant provides logistic support and coordination of activities associated with the Pennsylvania Rehabilitation Council.

^dContracted service is delivery of radio time during which newspapers are read and other programming is provided for listeners who are blind or visually impaired.

Source: Developed by LB&FC staff using information obtained from the Pennsylvania OVR.

G. Allocations to the OVR Districts for Case Services Are Formula-Based and Cash Flow Varies by Quarter

District Allocations

The quarterly funding allocations that the OVR Central Office makes to its 15 district offices are used to provide case services to OVR customers. Monies from this allocation are not used to pay the districts' personnel and operating costs. One concern raised prior to this study was that some district offices had run out of case services funds during certain periods within the past three fiscal years. This section reviews the manner in which basic support monies are allocated and the cash flow of case service dollars to the districts from FFY 1998-99 through FFY 2000-01.

Allocation of Basic Support Funding

Before analyzing the flow of funds to the individual district offices during this period, it is first necessary to review the basis upon which their allocations are made. After setting aside monies for program administration and for allocation to the Bureau of Blindness and Visual Services (BBVS), the OVR allocates available funds to the 15 OVR district offices. The OVR uses a five-factor formula to allocate case services monies to the districts.¹ The formula data is drawn from each district's prior year operating statistics and includes the factors listed on Exhibit 9.

Exhibit 9

Formula Used to Allocate Basic Support Funding

<u>Factor</u>	<u>% of Allocation</u>
1. The total disabled population in the district	10%
2. Number of individualized service plans written	40
3. Total number of successful closures	25
4. Number of successful closures – Most Severely Disabled	7
5. Number of successful closures – No Prior Job	<u>18</u>
Total Allocation	100%

Source: Developed by LB&FC staff using information obtained from OVR.

To illustrate the allocation process, in FFY 2001, the OVR Central Office determined that Pennsylvania would receive \$106.5 million in federal Basic Support

¹This formula is not used to allocate funds to the six BBVS district offices; allocations to these offices are based on prior years' spending levels.

Grant monies based on the FFY 2000 funding level. With a 21.3 percent match in state funds, this amounted to a total Basic Support budget for OVR of \$135.4 million. Based on this amount, the OVR fiscal staff budgeted as follows:

	<u>Amount</u> <u>\$ Millions</u>
Salaries and Benefits	\$46.4
HGAC Service Vendor Payments	16.9
Bureau of Blindness & Visual Services	14.3
Operating Expenses	10.9
Grants8
Equipment	<u>.1</u>
Total	\$89.4

The remaining balance, \$46.0 million, was available for disbursement to the 15 district offices for the provision of case services.

Using the formula factors listed in Exhibit 9, OVR calculated a “budgeted” allocation for each district office for FFY 2001. Table 32 shows the budgeted versus actual allocations.

Table 32

Allocation of Basic Support Grant Funds to the OVR District Offices
FFY 2001

<u>District Office</u>	<u>Allocation</u>	
	<u>Budgeted</u>	<u>Actual</u>
Harrisburg	\$2,139,439	\$2,391,100
Philadelphia	5,298,575	6,065,028
Pittsburgh	6,007,979	6,821,283
Wilkes-Barre	3,037,417	3,202,405
Altoona	2,475,520	2,820,669
Reading	2,078,544	2,057,345
Du Bois	1,195,850	1,279,793
Erie	2,764,697	3,322,854
Williamsport	2,459,616	2,389,690
Johnstown	3,235,283	3,439,878
Rosemont	3,314,029	3,727,513
New Castle	3,979,251	3,995,135
York	3,619,491	3,909,992
Allentown	1,836,135	2,015,293
Washington	<u>2,559,465</u>	<u>2,673,028</u>
Total	\$46,001,291	\$50,111,006

Source: Developed by LB&FC staff using fiscal data obtained from OVR.

Actual final allocations to the 15 districts amounted to \$50,111,006 in FFY 2001. Differences between the actual allocations and the amounts OVR budgeted occur when the RSA reallocates unused monies from other states to Pennsylvania and other states that request additional funding during the course of the fiscal year. The OVR distributes this additional funding to the districts. OVR may, in some cases, also reallocate monies to the districts if monies initially budgeted for other program areas, such as personnel and operating costs, become available.

Allocation of Other OVR Revenues

In addition to the Basic Support Grant funding, the district offices receive program funding of other types. These include:

- *State Vocational Rehabilitation Program Funds.* In SFY 2000-01, the General Assembly appropriated \$2,060,000 for the state Vocational Rehabilitation Program. The OVR allocates this money to the 15 OVR district offices at the start of each state fiscal year (monies are not allocated to BBVS). When the first appropriation was made in SFY 1998-99, OVR allocated the monies to the districts based on the percentage of basic support funding each district received. As the year progressed, the OVR Central Office was able to move this money among the district offices based on indicated need and district expenditure patterns. OVR fiscal staff report that since that time, these monies have been allocated based on "historical spending patterns" with the provision that they can move monies among the districts as necessary.
- *Supported Employment.* In SFY 2000-01, \$1,514,268 was allocated to OVR from the federal government for supported employment programs, and \$1,050,000 was allocated to OVR from the Pennsylvania General Assembly for these programs. These monies are allocated to the districts at the beginning of the federal fiscal year based on historical spending patterns. If a district needs more money in any given year than was allocated, the Central Office can, in some cases, adjust allocations among the districts to accommodate such a need.

Cash Flow to the Districts

The OVR Central Office allocates funding to the districts on a quarterly basis as follows: 35 percent in the first quarter of the federal fiscal year; 25 percent in the second quarter; 15 percent in the third quarter; and 25 percent in the fourth quarter.

The OVR Central Office fiscal staff maintains summary reports on the amounts of Basic Support monies that are available each quarter to each district office. These reports list the amounts that are available to each district to authorize

case services for customers. In addition to the basic support allocations, these reports include supported employment appropriations and refunds from the Social Security Administration.

To test cash flow to the individual OVR district offices, we examined all quarterly reports for three fiscal years: FFY 1999 through FFY 2001. The reports we examined show, for each quarter, the amount available for each district to authorize for customer case services; the amount of funding each district actually authorized for expenditure; and of the amount authorized, the amount that the district office invoiced during that quarter.

From this data, we found that for the three years examined, all of the district offices had a cash balance remaining at the end of each quarter. Table 33 shows summary information from a review of these fiscal reports.

Table 33

Analysis of the Flow of Case Service Dollars to the OVR Districts (FFY 1999 Through FFY 2001)			
<u>Item</u>	<u>FFY 1999</u>	<u>FFY 2000</u>	<u>FFY 2001</u>
Total Funding Available to Authorize ^a	\$59,982,512	\$57,872,216	\$63,288,269
Total Amount Authorized for Services.....	59,825,852	56,979,965	57,050,882
Total Amount of Services Invoiced and Paid.....	50,570,128	49,962,830	46,507,280
Percent of Funding Authorized by the Districts for Services Out of Total Available to Authorize	99.7%	98.5%	90.1%
Percent of Funding Invoiced by the Districts for Services Out of Total Available to Authorize	84.3%	86.3%	73.5%
Percent of Funding Invoiced by the Districts for Services Out of Total Amount Authorized.....	84.5%	87.7%	81.5%

^aIncludes Basic Support appropriations, Social Security monies, and carryover of monies not spent in the prior year.

Source: Developed by LB&FC staff using fiscal data obtained from the OVR.

Further analysis of the data showed that during the fourth quarter of FFY 1999, the Erie District Office authorized \$122 more than was available to them, and the Washington District Office authorized \$1,830 more than was available to them. However, both districts did not invoice the full amount they authorized, so they ended the quarter with a positive cash balance.

The average cash balance available to authorize at the end of the fourth quarter for the districts amounted to \$494,159 in FFY 1999, \$410,626 in FFY 2000,

and \$718,730 in FFY 2001. The lowest ending balance for any district office for any quarter during the three years we reviewed was for the Reading District Office at the end of the fourth quarter of FFY 2000, which amounted to \$97,468. Table 34 shows the financial status of each district office at the end of the fourth quarter for the three years examined.

We discussed the subject of cash flow and district office funding with the OVR's Budget, Finance, and Program Support Services Director. This individual is responsible for the allocation process and for monitoring cash flow and district office balances on an ongoing basis. He believes that the concerns surrounding cash flow to the districts and the perception that they were running out of case services monies can be traced to FFY 1998-99.

According to the Director, federal basic support grant funding to OVR was "tight" in this year. He explained that the RSA did not initially allocate as much funding for Pennsylvania as it had in the prior year. Consequently, the OVR Central Office allocated less money to each of the districts in the first quarter than they had in the first quarter of the prior year. This immediately created what he described as a sense of "panic" and a series of complaints from the district offices. He stressed, however, that at no time did any district office run out of case services monies.

The Director reported that during this period, he monitored each district office's balance on a daily basis. Each of the districts also has a fiscal technician position on staff who also monitored their respective balances daily. Through regular contact with the fiscal technicians and the district administrators, the director reported that he would discuss funding options if a district office was running low on funds. He explained that these options included providing a district office an advance on its next quarterly allocation or temporarily transferring funds from other budget areas (e.g., personnel and operational costs) to district case services. He also speculated that, during this period, some districts may have chosen to delay or alter the provision of some services.

During subsequent quarters of this fiscal year, the RSA allocated additional funds to OVR so that by year-end, the districts had funding levels surpassing those of the prior fiscal year.

Table 34

End-of-Year (4th Quarter) Status of Case Service Allocations to the OVR Districts

District Office	Cumulative Totals as of the End of the 4 th Quarter											
	FFY 1999				FFY 2000				FFY 2001			
	Available to Authorize	Actually Authorized	Actually Invoiced	Available to Authorize	Actually Authorized	Actually Invoiced	Available to Authorize ^a	Actually Authorized	Actually Invoiced	Available to Authorize	Actually Authorized	Actually Invoiced
Harrisburg	\$ 3,170,826	\$ 3,166,337	\$ 2,565,136	\$ 2,930,267	\$ 2,865,502	\$ 2,256,914	\$ 3,141,439	\$ 2,832,881	\$ 2,273,815	\$ 2,832,881	\$ 2,273,815	\$ 2,273,815
Philadelphia	6,122,634	6,113,633	5,193,441	6,162,183	6,103,878	5,362,309	7,566,467	6,631,473	5,598,168	6,631,473	5,598,168	5,598,168
Pittsburgh	8,568,527	8,499,009	7,599,936	7,763,909	7,646,183	6,676,366	8,870,899	7,760,344	6,152,237	7,760,344	6,152,237	6,152,237
Wilkes-Barre	3,829,961	3,821,856	3,163,731	3,767,149	3,714,306	3,419,210	3,884,203	3,484,152	2,907,931	3,484,152	2,907,931	2,907,931
Altoona	3,323,847	3,323,660	3,023,018	3,279,540	3,229,097	2,941,235	3,415,033	3,214,111	2,638,085	3,214,111	2,638,085	2,638,085
Reading	2,522,169	2,519,617	2,129,067	2,399,345	2,344,926	2,207,994	2,554,200	2,353,096	2,063,264	2,353,096	2,063,264	2,063,264
Du Bois	1,930,090	1,928,182	1,706,079	1,717,276	1,667,257	1,414,827	1,793,866	1,642,820	1,267,750	1,642,820	1,267,750	1,267,750
Erie	3,526,189	3,526,311	2,668,392	3,593,097	3,542,382	3,045,705	4,093,598	3,616,971	2,738,685	3,616,971	2,738,685	2,738,685
Williamsport	2,902,941	2,902,822	2,388,852	2,769,974	2,716,903	2,333,391	3,092,238	2,630,857	2,088,692	2,630,857	2,088,692	2,088,692
Johnstown	4,203,547	4,195,153	3,607,165	4,315,372	4,264,973	3,661,798	4,391,381	4,090,229	3,381,593	4,090,229	3,381,593	3,381,593
Rosemont	4,630,623	4,626,409	3,652,081	4,472,460	4,421,368	3,750,107	4,951,387	4,411,066	3,408,211	4,411,066	3,408,211	3,408,211
New Castle	4,638,165	4,603,139	4,155,611	4,560,486	4,509,067	4,013,273	4,843,810	4,634,718	3,956,431	4,634,718	3,956,431	3,956,431
York	5,494,570	5,484,955	4,425,585	5,011,827	4,960,965	4,444,148	4,869,908	4,455,689	3,693,890	4,455,689	3,693,890	3,693,890
Allentown	2,394,698	2,389,212	1,897,698	2,478,703	2,422,260	2,250,206	2,691,479	2,370,055	1,887,354	2,370,055	1,887,354	1,887,354
Washington	<u>2,723,727</u>	<u>2,725,557</u>	<u>2,394,338</u>	<u>2,650,628</u>	<u>2,570,898</u>	<u>2,185,347</u>	<u>3,128,361</u>	<u>2,922,419</u>	<u>2,451,174</u>	<u>2,922,419</u>	<u>2,451,174</u>	<u>2,451,174</u>
State Total ^b	\$59,982,512	\$59,825,852	\$50,570,128	\$57,872,216	\$56,979,965	\$49,962,830	\$63,288,269	\$57,050,882	\$46,507,280	\$57,050,882	\$46,507,280	\$46,507,280

^aAmounts do not match those on Table 32 because those presented here include additional funding sources, most notably Social Security Administration monies and prior year rollovers.

^bMay not add due to rounding.

Source: Developed by LB&FC staff using fiscal data provided by OVR.

H. Recent Federal Evaluations Have Given High Ratings to Pennsylvania's Vocational Rehabilitation Program

Section 107 of the federal Rehabilitation Act, as amended in 1998, requires the Commissioner of the U.S. Department of Education's Rehabilitation Services Administration (RSA) to conduct annual reviews and periodic on-site monitoring of state Vocational Rehabilitation Programs. These review and monitoring activities are intended to:

- assess state vocational rehabilitation agency performance in assisting eligible individuals with disabilities to achieve employment outcomes;
- determine state agency compliance with the assurances made in its state plan; and
- determine state agency compliance with the evaluation standards and performance indicators established in the federal Rehabilitation Act.

Federal Standards and Indicators

As defined by the RSA, an *evaluation standard* is the performance level stated in regulation that a designated state unit, or DSU (i.e., state vocational rehabilitation agency), must attain in order to meet an acceptable level of performance in serving individuals with disabilities under the Vocational Rehabilitation Program. The current evaluation standards are as follows:

Evaluation Standard 1 – Employment Outcomes – The DSU must assist any eligible individual, including an individual with a significant disability, to obtain, maintain, or regain high-quality employment.

Evaluation Standard 2 – Equal Access to Services – A DSU must ensure that individuals from minority backgrounds have equal access to vocational rehabilitation services.

The RSA publishes standards for six performance indicators under Evaluation Standard I and one indicator under Evaluation Standard II.

Performance indicators establish the performance areas that RSA has identified to measure the efficacy of a state agency's performance in serving individuals with disabilities under the Vocational Rehabilitation Program. Currently, the six indicators under Evaluation Standard I measure the quality of employment outcomes, and the indicator under Evaluation Standard II measures equal access to vocational rehabilitation services for minorities.

To achieve successful performance on Evaluation Standard I, a state VR agency must meet or exceed the performance levels established for four of the six performance indicators, including meeting or exceeding the performance levels for two of the three primary indicators (Performance Indicators 1.3, 1.4, and 1.5 are considered to be primary). The RSA evaluation standards and performance indicators are stated in Exhibit 10.

Recent Federal Evaluations of the Pennsylvania Program

RSA Region III most recently conducted on-site reviews of the Pennsylvania OVR in March 2000 and August 2001. We examined the reports resulting from these reviews with a focus on the evaluators' assessment of OVR's compliance with the RSA's evaluation standards and performance indicators. As shown below, the OVR exceeded the RSA standard for each indicator in both 2000 and 2001. (See Table 35.)

Table 35

Pennsylvania OVR Evaluation Ratings			
(March 2000 and August 2001)			
<u>Indicator</u>	<u>RSA Requirement</u>	<u>Pennsylvania Rating</u>	
		<u>2000</u>	<u>2001</u>
1.1 Change in Number of Employment Outcomes	Higher	+202	+1,894
1.2 Percent Employed	55.8%	59.2%	60.7%
1.3 Employed Competitively	72.6	91.1	89.7
1.4 Employed With a Significant Disability	62.4	98.4	99.0
1.5 Earnings Ratio	0.52	.61	.61
1.6 Self-Supporting	53.0	66.0	66.0
2.1 Ratio of Minority Service Rate Over Non-Minority Service Rate	0.80	.93	.95

Source: Annual on-site reviews of the Pennsylvania OVR, U. S. Department of Education RSA.

Neither report cited any substantial problems or deficiencies in the program areas reviewed. The 2000 report stated that the evaluators found "excellent service record documentation and organization" and timely and quality casework and case closures. The 2001 report commented positively on the OVR's participation in the Workforce Investment Act, the agency's "Comprehensive System of Personnel Development" (see also Finding K), and on spot-checks of a sample of case service records to test eligibility, timeliness of eligibility determination, substantiality of service, and employment outcomes.

Federal RSA Evaluation Standards and Performance Indicators for State Vocational Rehabilitation Agencies

Evaluation Standard 1 – Employment Outcomes

A DSU (i.e., state vocational rehabilitation agency) must assist any eligible individual, including an individual with a significant disability, to obtain, maintain, or regain high-quality employment.

- *Performance Indicator 1.1 – Change in Number of Employment Outcomes:* The number of individuals exiting the VR program who achieved an employment outcome during the current performance period compared to the number of individuals who exited the VR program after achieving an employment outcome during the previous performance period. (The Required Performance Level is an increase over the prior year.)
- *Performance Indicator 1.2 – Percent Employed:* Of all individuals who exit the VR program after receiving services, the percentage who are determined to have achieved an employment outcome. (The Required Performance Level is 55.8 percent.)
- *Performance Indicator 1.3 – Employed Competitively:*^a Of all individuals determined to have achieved an employment outcome, the percentage who exit the VR program in competitive, self, or business enterprise program (BEP) employment with earnings equivalent to at least the minimum wage. (The Required Performance Level is 72.6 percent.)
- *Performance Indicator 1.4 – Significant Disability:*^a Of all individuals who exit the VR program in competitive, self, or BEP employment with earnings equivalent to at least the minimum wage, the percentage who are individuals with significant disabilities. (The Required Performance Level is 62.4 percent.)
- *Performance Indicator 1.5 – Earnings Ratio:*^a The average hourly earnings of all individuals who exit the VR program in competitive, self, or BEP employment with earnings levels equivalent to at least the minimum wage as a ratio to the state's average hourly earnings for all individuals in the state who are employed (as derived from the Bureau of Labor Statistics report "State Average Annual Pay" for the most recent available year). (The Required Performance Level is a ratio of .52.)
- *Performance Indicator 1.6 – Self-Supporting:* Of all individuals who exit the VR program in competitive, self, or BEP employment with earnings levels equivalent to at least the minimum wage, the difference between the percentage who report their own income as the largest single source of economic support at the time they exit the VR program and the percentage who report their own income as the largest single source of support at the time they apply for VR services. (The Required Performance Level is a mathematic difference of 53.0.)

Exhibit 10 (Continued)

Evaluation Standard 2 – Equal Access to Services

A DSU must ensure that individuals from minority backgrounds have equal access to VR services.

- *Performance Indicator 2.1 – Ratio of Minority Service Rate Over Non-Minority Service Rate*: The service rate for all individuals with disabilities from minority backgrounds as a ratio to the service rate for all non-minority individuals with disabilities. (The Required Performance Level is a ratio level of .80. If a DSU's performance on Indicator 2.1 does not meet or exceed the required level, or if fewer than 100 individuals from a minority population have exited the VR program during the reporting period, the DSU must describe the policies it has adopted or will adopt and the steps it has taken or will take to ensure that individuals with disabilities from minority backgrounds have equal access to VR services.)

^aThe RSA considers this to be a "primary indicator."

Pennsylvania Ratings Compared to Other Agencies

To place the recent Pennsylvania OVR ratings in context, we obtained 1999 indicator ratings (most recent available from RSA) for all agencies nationwide. As shown on Table 36, Pennsylvania's ratings compare favorably with both the national averages for all agencies and the ratings for vocational rehabilitation agencies in RSA Region III. Pennsylvania's ratings are especially strong in the indicator areas which measure the percentage of competitive employment closures and the percentage of closures involving individuals with significant disabilities.

Table 36

Pennsylvania OVR Evaluation Ratings in National Context							
(Based on 1999 Data) ^a							
<u>Indicator</u>	<u>PA OVR</u>	<u>All State Agencies</u>	<u>Region III Total^b</u>	<u>DE</u>	<u>MD</u>	<u>VA</u>	<u>WV</u>
1.1 Change in Number of Employment Outcomes.	+202	+7,762	+564	+43	+180	-84	+92
1.2 Percent Employed	59.2	62.5	61.9	55.6	65.7	61.0	73.9
1.3 Employed Competitively	91.1	83.8	84.2	93.5	85.6	84.0	59.1
1.4 Employed With a Significant Disability	98.4	83.4	89.7	73.1	99.2	85.7	56.1
1.5 Earnings Ratio	0.52	0.55	0.48	0.46	0.49	0.49	0.65
1.6 Self-Supporting	66.0	63.2	62.5	69.4	46.8	59.3	64.8
2.1 Ratio of Minority Service Rate Over Non-Minority Service Rate ...	0.89	0.95	0.87	0.99	0.88	0.99	0.85

^aMost recent comparative data available from the RSA.

^bIncludes the District of Columbia

Source: Developed by LB&FC staff using data obtained from the Rehabilitation Services Administration, U.S. Department of Education.

I. Periodic Surveys of OVR Customers Indicate High Levels of Satisfaction With the Program

Pertinent Statutory/Regulatory Provisions

The federal Rehabilitation Act requires that a State Plan must assure that eligible individuals will be afforded the opportunity to exercise “informed choice.” The State Plan must assure timely development of an Individual Plan of Employment (IPE) for a customer upon determination of eligibility. The IPE must be developed in a manner that affords eligible individuals the “opportunity to exercise informed choice in selecting an employment outcome, the specific vocational rehabilitation services to be provided . . . , the entity that will provide the [VR] services, and the methods used to procure the services”

To assist eligible individuals in exercising “informed choice,” federal regulations provide that the State Plan must assure that certain information and support services are given to individuals. Specifically, OVR Counselors are to assist customers in making an informed choice about the specific vocational rehabilitation services, including providers of that service that they will receive. This information is to include, to the extent available, information on consumer satisfaction with those particular services. Program regulations provide that the OVR may undertake periodic consumer satisfaction surveys and prepare reports to provide this information to its customers.

The federal Rehabilitation Act also requires each state rehabilitation council¹ to conduct a review and analysis of consumer satisfaction with (1) the functions performed by OVR; (2) the vocational rehabilitation services provided by OVR and other public and private entities responsible for the provision of VR services; and (3) the employment outcomes achieved by eligible individuals receiving services. The act does not specify the frequency at which such surveys are to be conducted.

OVR’s Customer Survey Process

The Survey Process

The OVR developed its present customer satisfaction survey process in May 1999. It is administered by the Management Information Services Division within OVR’s Bureau of Central Operations. Each month Division staff mail surveys to two different customer groups: (1) to those customers who were successfully rehabilitated (i.e., they were placed in employment and their case was closed) 6 months

¹The Pennsylvania Rehabilitation Council provides citizen input and oversight to the OVR.

in the past; and (2) to those persons who were successfully rehabilitated 12 months ago. Recipients also include the Bureau of Blindness and Visual Services (BBVS) customers.

Therefore, a customer with a closed case and a job placement will get two of the same survey from OVR; the first one will come 6 months after the case was closed, and the second survey will come 12 months after the case was closed. For example, in April 2002, questionnaires were mailed to those customers whose cases were closed in September 2001 and March 2001. According to OVR staff, they send out approximately 600 to 700 customer satisfaction surveys each month. The average return rate is approximately 25 percent.

Returned questionnaires are processed and tabulated at the central office prior to being forwarded to the appropriate district offices. While the survey results are not to be used in the employee evaluation process, district office supervisors reportedly use them as a tool to assess the services provided by the counselors.

If a customer indicates on the survey questionnaire that he/she was dissatisfied with any part of the OVR program or is presently unemployed, an OVR specialist is to contact the customer for further information and follow-up discussion. The goal of this post-closure intervention is to change a 6-month response of "unsatisfactory" to "satisfactory" at the time of the 12-month survey.

Both the 6-month and 12-month questionnaires contain the same 16 questions listed on Exhibit 11. The first five questions focus on the services provided by the OVR Counselor and the OVR Program in general, the sixth question asks if the customer is employed, and the remaining questions ask specific information about the job. Our analysis focused on Questions 1 through 6.

Both the 6-month and 12-month surveys are sent only to program customers classified as having a Status 26, or successful employment closure. OVR does not send surveys to customers who received OVR services but are not employed after the services were provided (Status 28) or to customers who are not employed after their application was processed but have not yet received any services (Status 30). OVR officials stated that they do not have the time and staff to survey these customer groups.

Exhibit 11

OVR Customer Satisfaction Survey Questions

1. Did you actively participate with your counselor in your Vocational Rehabilitation Program?
2. Did your counselor return your telephone calls and schedule appointments in a timely manner?
3. Was your counselor positive, supportive, and respectful to you as an individual?
4. Are you satisfied with the help you received from OVR?
5. Did your counselor discuss the Client Assistance Program and your appeal rights with you?
6. Do you have a paying job? (If no, skip questions 7 – 16)
7. Do you work in the field you chose as your vocational goal?
8. Does your job provide opportunities for career growth and advancement?
9. Do you have medical insurance through your job?
10. Do you pay for some or all of this insurance?
11. Do you belong to a pension plan through your job?
12. Do you contribute your own earnings to this plan?
13. Do you receive paid time off for vacation?
14. Do you receive paid time off for sickness?
15. How many hours a week do you work?
16. How much do you earn a week before taxes are taken out?

Source: OVR Customer Satisfaction Survey form.

OVR Customer Satisfaction Survey Results

Six-Month Surveys. We obtained four sets of six-month surveys from OVR: (for cases closed from October 1998 to September 2000) the most current results available. As can be seen from the data presented on Table 37, 82 percent of the customers are satisfied with the help they received from OVR, and 83 percent have a paying job.

12-Month Surveys. We also obtained three sets of 12-month surveys from OVR: (for cases closed from October 1998 to March 2000) the most current results available. As can be seen from the data presented on Table 37, 81 percent of the customers are satisfied with the help they received from OVR, and 79 percent have a paying job.

Table 37

**Results of Selected Questions From the
OVR Customer Satisfaction Surveys***

<u>Question</u>	<u>Average Percentage That Answered "Yes" on:</u>	
	<u>6-Month Surveys</u>	<u>12-Month Surveys</u>
(1) Did you actively participate with your counselor in your Vocational Rehabilitation Program?	82%	80%
(2) Did your counselor return your telephone calls and schedule appointments in a timely manner?	90	87
(3) Was your counselor positive, supportive and respectful to you as an individual?	92	89
(4) Are you satisfied with the help you received from OVR?	82	81
(5) Did your counselor discuss the Client Assistance Program and your appeal rights with you?	58	56
(6) Do you have a paying job?	83	79

*Responses to selected survey questions which focus on the services provided by the OVR Program and the OVR counselors.

Source: Developed by LB&FC staff using completed customer satisfaction surveys for cases closed between October 1998 and September 2000.

Surveys Conducted by the Pennsylvania Rehabilitation Council

The 1998 Survey

In 1998, the Rehabilitation Council first addressed the Rehabilitation Act requirement that it conduct an independent customer satisfaction survey. At that time, the Council contracted with a professional survey organization to administer a survey addressing four areas: the agency, the counselor, support systems, and suitable employment. The instrument asked customers to rate specific statements from 1 through 5, with 5 being "strongly agree" and 1 being "strongly disagree." OVR randomly selected a data base of 6,672 open and closed cases. Persons selected were contacted and given the opportunity to participate or to decline to participate. Persons with hearing, physical, and substance abuse disabilities received mail surveys. Individuals in these groups who did not return surveys received telephone follow-up. Individuals with cognitive disabilities and mental illness were surveyed over the telephone.

This process had a 51 percent response rate (3,395), with an error rate of +/- 2 percent at a 95 percent confidence level. The results of the survey were presented to the Rehabilitation Council in October 1998.

The survey results showed that about 76 percent of all respondents rated their overall satisfaction with OVR services as “excellent” or “good.” The research organization that conducted the survey concluded that “OVR has done well in generating overall service satisfaction across all customer categories.” The survey report showed satisfaction by disability category as follows:

<u>Disability Category</u>	<u>Average</u>
Hearing Impairments	78.8%
Blind/Visual Impairments	78.2
Substance Abuse	76.6
Cognitive Impairments	76.4
Physical Disabilities	75.6
Mental Illness.....	75.2

In presenting the above percentages, the survey organization noted the following about the conversion of the survey respondents’ rating scores to percentages.

Conversion of Scores to Percents: A score of 1 = Strongly Disagree and a score of 5 = Strongly Agree. Scores were assigned percents. 1 = 20 percent, 2 = 40 percent, 3 = 60 percent, 4 = 80 percent, 5 = 100 percent. The overall mean score cited above are reporting averages of these conversions.

The 2000 Survey

In 2000, the Rehabilitation Council requested that the survey organization conduct another satisfaction study of the customers served by the OVR, including BBVS. In coordination with the Rehabilitation Council, the survey organization developed three survey tools.

A telephone survey tool was developed for each of the following groups: status 28 & 30 customers (not working at time of closure), status 26 customers (successfully employed at time of closure), and the BBVS customers (both current and past customers).

The survey organization completed a total of 1,204 telephone surveys, including 397 to status 28 & 30 customers, 390 to status 26 customers, 402 to BBVS customers, and 15 to persons who disagreed with their status classification. The telephone interviews took place during September, October, and November 2000. The

results of this study yielded an error rate of +/-5 percent at the 95 percent confidence level.

The survey questions were designed to gauge satisfaction with employment outcomes, determine how customers found their jobs, and determine if their employment met their expectations. The questions also assessed customer satisfaction with the services provided by OVR and BBVS, such as support services, assistive technology, counseling services, and rehabilitation services.

Table 38 summarizes the survey results on customer satisfaction with services. As shown, on average, respondents regardless of their classification were at least moderately satisfied with the services provided by OVR.

Among the persons who were successfully employed at the time OVR closed their case, nearly two-thirds reported that they were still working in the same job or a different job within the same company as when their case was closed. Among those persons who were not working at the time of their closure from OVR, nearly 40 percent were now employed. Approximately 6 out of every 10 respondents felt that OVR services were helpful even though they did not directly lead to a job placement.

Table 38

Summary of the 2000 Customer Satisfaction Survey

(Scale: 1 = Extremely Dissatisfied; 5 = Extremely Satisfied)

<u>Activity</u>	<u>OVR Customers</u>		<u>BBVS Customers</u>	
	<u>Ratings: Employed</u>	<u>Ratings: Not Employed</u>	<u>Activity</u>	<u>Ratings</u>
Placement Assistance ...	4.1	3.9	Adaptive Skills	4.4
Vocational Evaluation ..	4.2	3.9	Counseling	4.2
Diagnostic Services	4.3	4.0	Job Supports	4.2
Vocational Counseling ..	4.3	4.0	Job Training	4.1
Training Services	4.3	4.0	Job Search, Placement ...	4.1
Restoration Services	4.4	4.2	Pre-Employment	3.9
Support Services	4.7	4.0		
Assistive Technology	4.7	4.1		

Source: Developed by LB&FC staff using information obtained from the Pennsylvania Rehabilitation Council, *Customer Satisfaction Survey*, Holleran Consulting, November 22, 2000.

J. The OVR Has Been Able to Meet Some, But Not All of the State Plan Goals and Priorities

As a condition of receiving federal vocational rehabilitation funding, states must submit a state plan and annual updates to the RSA.¹ The plan must conform with specific requirements enumerated in federal law and regulations.

The state plan must designate an agency as the sole agency responsible for administering the plan. The plan must also:

- set forth the financial participation of the state;
- provide assurance that services are offered statewide;
- set forth the order of selection if the state is unable to provide services to all individuals with disabilities;
- set forth the methods of administration;
- provide a comprehensive system of personnel development;
- provide assurance that the designated state unit (DSU) will determine whether comparable services are available before providing any VR service, unless such search would result in an unreasonable delay of services;
- assure that the DSU will develop IPEs and provide services to individuals in accordance with the IPE;
- provide for an annual review of the state's VR program;
- set forth the DSU's annual goals and reports of progress including the (i) State Rehabilitation Council's assessment; (ii) DSU annual submission of report on estimates of number of eligible individuals and number receiving funds for services and costs; (iii) goals and priorities; and (iv) strategies;
- provide for public comment before adoption of policies and procedures governing the VR program; and
- provide assurance that individuals will be afforded the ability to exercise informed choice.

Prior to July 1, 1999, Pennsylvania submitted two state plans for vocational rehabilitation to the RSA. However, the Commonwealth was required by law to alter this process as a result of the transfer of the Bureau of Blindness and Visual

¹This OVR Title IV State Plan is a component part of the state's Workforce Investment Act "Unified State Plan for Workforce Investment." The Unified State Plan provides the state's WIA strategic direction. The Title IV OVR State and Strategic Plan provides the blueprint for the general VR program.

Services from the Department of Public Welfare to the Department of Labor and Industry's OVR on July 1, 1999. (See Finding E.)

With the BBVS transfer, Pennsylvania was required to develop and submit a "combined agency state plan." The agency did so and provided for public review and comment between July 8, 1999, and August 4, 1999. Following this review period and review by both the OVR Rehabilitation Council and the BBVS Rehabilitation Council, a combined agency plan was finalized. The State Board of Vocational Rehabilitation adopted OVR's *2000-2004 Combined Agency State Plan* on September 21, 1999.

In accordance with federal requirements, a state must also annually submit for approval any revisions to the state plan that are a result of a change in state policy, a change in federal law including regulations, an interpretation of the Act by a federal court or the highest court in the state, or a finding by the U.S. Secretary of Education of state noncompliance with the requirements of the act. Since changes have occurred in the Commonwealth's Vocational Rehabilitation Program, Pennsylvania submitted state plan updates to RSA for both FFY 2001 and FFY 2002.

As stated previously, federal law requires that the state plan include a statement of the agency's goals and priorities. In examining program funding and service delivery levels we sought information on the extent to which OVR is achieving goals and priorities set forth in the state plan. We examined information on the status of the goals and priorities that were stated in the *OVR/BBVS Combined Agency State Plan* update for FFY 2001.

The plan includes 23 separate goal and priority actions within four categories. We requested information from OVR on the status of each of these actions as of the end of FFY 2001. Summary assessment information on the status of each of the 23 actions is shown in Exhibit 12. This information is as reported by OVR to the federal government.

OVR reports that it has accomplished most of the goals and priorities related to integrating vocational rehabilitation services into Team Pennsylvania Career-Link Centers. This is consistent with the RSA's most recent annual review of Pennsylvania's OVR Program. The RSA review report, dated November 28, 2001, noted that "the staff of OVR have performed extensive and significant services for the development of the One-Stop Service Delivery System known as CareerLink in Pennsylvania."

Program measures also indicate attainment of goals and priorities intended to increase and improve transition services for students with disabilities. Program data showed that transitional youth represented 35 percent of all OVR customers during FFY 1997 through FFY 1999. This is substantially above the national average of 13.5 percent.

During the implementation period we reviewed, OVR also reported progress in several goal and priority areas aimed at increasing employment opportunities for specific target groups of persons with disabilities. Progress is evident, for example, in OVR accomplishment of goals and priorities related to service delivery to blind or visually impaired persons.

OVR is also involved in activities designed to increase employment opportunities in state government for people with disabilities. OVR reports, however, that it has not been able to measure attainment of the stated goal of increasing employment in state government by 15 percent. The difficulty in measuring this increase is reportedly due to legal restrictions on disability-related questions on employment applications. In other areas, OVR approached but did not attain specific targeted levels of increasing employment outcomes, increasing the number of local assistive technology branch libraries, and increasing minority placements.

Also, due to two failed attempts to implement special software, OVR has not been able to develop and implement systems to improve the collection, management, tracking, and analysis of various data, including data needed to measure the performance of OVR's grantees and contractors. The implementation of an automated contract tracking system, which had a target date of July 2001, did not occur. Similar problems occurred with OVR's attempts to implement an automated filing system for grants and a system to evaluate services provided by contractors and grantees. OVR reports that, in the interim, its Contracts and Grants Management Section continues to use traditional methods of collecting, managing, and analyzing documents and records.

In April 2002, OVR officials provided the following explanation of the problems encountered in accomplishing these particular "goal/priority areas," including its decision to discontinue application development in the Lotus Notes environment:

An automated contract tracking system based on Lotus Notes was designed for OVR use. However, its implementation by July 1, 2001 did not occur as the Commonwealth adopted software standards for agencies to use that were not based on the Lotus Notes software. In light of these developments, OVR has made a business-wide decision to discontinue application development in the Lotus Notes environment. OVR recognizes the advantages to conforming to standards in the ever-changing and complicated IT environment. The Department of Labor and Industry, in addition to adopting the Commonwealth standards, has begun to direct IT functions and systems development from an "enterprise" prospective. Specifically, the "ImaginePA" project will likely provide some automated contract management tools. Until this project is deployed (scheduled for January 2003 for L&I) OVR will continue to use traditional methods of managing documents and records.

Exhibit 12

**Status of OVR Implementation of Combined Agency
State Plan Goals and Priorities
(FFY 2001)**

I. Integrate Vocational Rehabilitation Services into CareerLink Centers

Goals/Priorities	Reported Actions/Status ^a
A. Partner with other agencies to offer one-stop services at CareerLink sites to employers and job seekers.	OVR is a mandated partner as directed by the Workforce Investment Act. As such, it has a staff person appointed to every local Workforce Investment Board in Pennsylvania. As of June 2001, OVR had 62 Full Time Equivalents (FTEs) in the Commonwealth's 41 CareerLink sites.
B. Provide expertise at CareerLink on issues of accessibility, disability, and job accommodations.	OVR's Director, Bureau of Program Operations chairs a multi-agency Accessibility Workgroup which has developed guidelines for CareerLink to ensure universal access with regards to physical location, communications, technology, and services. OVR staff has participated in CareerLink site reviews to assess accessibility as well as participated in developing site plans to meet those guidelines. OVR staff has conducted training for all CareerLink partners at each chartered site on customer services for people with disabilities, sensitivity, The Americans with Disabilities Act (ADA), and employer services.
C. Prepare and distribute a comprehensive overview of OVR's role and responsibilities in CareerLink by December 31, 2000.	OVR developed and distributed a position paper on its "Role in CareerLink" on November 2, 2000.
D. Market the Hiram G. Andrews Center (HGAC) technical delivery services (interpreter services, evaluations) through the Center for Assistive and Rehabilitative Technology (CART) to CareerLink sites for OVR in-kind contributions per OVR fee schedule during FFY 2001.	The Center for Remote and Medically Underserved Areas (CERMUSA) received a \$2.7 million grant from the Department of Defense (DOD) to expand tele-rehabilitation at HGAC. Demonstration of remote interpreting was conducted in Westmoreland County for CareerLink staff and the local deaf community in 07/00. A National Tele-rehabilitation Service System (NTSS) is now centered at HGAC. Via the NTSS, infrastructure was established in the Wilkes-Barre and Westmoreland CareerLink sites in FFY 2002 to enable remote sign language interpreting to be provided to customers of those CareerLink. Pending the success of these sites, additional CareerLink will be added.
E. Provide Center for Assistive Rehabilitative Technology (CART) site accessibility assessments to all local CareerLink sites who request such services during FFY 2001.	In FFY 1999 and 2000, CART completed accessibility assessments on 13 CareerLink sites. In FFY 2001, CART completed accessibility site assessments for the Johnstown CareerLink and Somerset CareerLink. CART will continue to complete site accessibility assessment on all CareerLink as requested.
F. Provide technical assistance and training on proper utilization of TTYs in CareerLink Centers.	The OVR District Offices provide ongoing training and technical assistance to CareerLink staff on the use of assistive technology, including TTYs. A formal training module on the TTY equipment for CareerLink was developed.
G. Develop an Interpreters Directory for use by CareerLink partners by June 30, 2001.	OVR placed the entire interpreter directory on its web site. However, it had to be removed because of a technical difficulty. Efforts are underway to restore the information by June 30, 2002.

Exhibit 12 (Continued)

II. Increase/Improve Transition Services for Students with Disabilities

Goals/Priorities	Reported Actions/Status ^a
A. Examine/analyze current data collection mechanism and establish benchmark for service delivery by June 30, 2001.	OVR has analyzed data for youths with disabilities (ages 14-25) who were served and cases closed during FFY 1997 through FFY 1999. Of the total number of individuals served during each fiscal year, 35 percent were youth. As the number of individuals served increased each year, so did the number of youth served. OVR's review of the National Longitudinal Study of Characteristics and Outcomes of Transitional Youth in VR indicates that transitional youth represented 13.5 percent of all VR customers. Pennsylvania appears to be reaching transitional youth at a rate of over two and one-half times the national average. The goal is to sustain this level of activity.
B. Based on benchmark and thorough collaboration with the Bureau of Blindness and Visual Services (BBVS) and the Office for the Deaf and Hard of Hearing (ODHH), and HGAC establish a plan to increase transition services to students with disabilities during FFY 2001.	The plan to increase services to students with disabilities included the provision of ongoing training and technical assistance on transition. Over the past fiscal year, the majority of training on transition was planned and provided collaboratively with OVR, the Individuals With Disabilities Education Act (IDEA) Memorandum of Understanding partners, and the Parent Education Network.
C. Increase appropriate inventory items for school-age children in the Assistive Technology Lending Library by 10 percent during FFY 2001.	Prior to 10/01/00, there were 2,239 items appropriate for school-age children in the Assistive Technology Lending Library. During FFY 2001, 424 new items were added which are appropriate for school-age children. This represents a 19 percent increase over the previous fiscal year.

III. Increase Employment Opportunities for People With Disabilities

Goals/Priorities	Reported Actions/Status
A. Through collaboration with agencies under the Governor's jurisdiction, increase employment opportunities in state government for people with disabilities by 15 percent during FFY 2001.	OVR was not able to measure this priority because of legal issues concerned with asking questions concerning disabilities on employment applications.
B. Expand opportunities for people with disabilities to work and live independently by increasing loans through assistive technology by 10 percent, and the number of local assistive technology branches by 10 percent during FFY 2001.	The Assistive Technology Lending Library processed 3,396 loan requests in FFY 2001. This represents an increase of 25 percent when compared with FFY 2000. Prior to 10/01/00, there were 142 assistive technology branches. Ten new branches were added, an increase of 7 percent.
C. Increase employment outcomes for people with disabilities in the federal VR program by 8 percent; and in the state VR program by 15 percent during FFY 2001.	Employment outcomes in the federal VR program increased by 9.5 percent (10,504 to 11,500) between FFY 2000 and FFY 2001. For SFY 2000-01, the Pennsylvania state VR program had 832 successful rehabilitation outcomes which exceeded its goal of 737 by almost 13 percent.

Exhibit 12 (Continued)

III. Increase Employment Opportunities for People With Disabilities (Continued)

Goals/Priorities	Reported Actions/Status ^a
D. Refine and implement an automated contract tracking/intervention system to replace the manual document tracking process by July 1, 2001. ^b	An automated contract tracking system was designed for OVR use; however, its implementation by 07/01/01 did not occur. The prototype system proved to be inoperable. The contractor's attempts at correcting problems following initial system trials were unsuccessful. The Commonwealth's plan to uniformly implement the SAP system is expected to introduce some improved level of contract tracking and surveillance to the OVR contract management process. ^e
E. Develop and apply strategies to attract two funding awards from diversified sources (public, private, and commercial) by July 1, 2001.	During FFY 2000, OVR applied unsuccessfully for a \$1.5 million Work Incentive Grant from the United States Department of Labor (U. S. DOL). OVR entered into a Memorandum of Understanding (MOU) with the state's DPW to serve persons with disabilities exempted from the Temporary Assistance for Needy Families (TANF) program in selected counties in the Commonwealth. Potential maximum reimbursement to OVR is \$500,000.
F. Refine and implement an automated filing system with integrated data entry and retrieval for all grants and Letters of Understanding by July 1, 2001. ^c	OVR purchased <i>Domino.Doc</i> software and technical support to enable the collection, management, tracking, retrieval, reporting, and analysis of a variety of data, including data to measure the performance of OVR's grantees and contractors. It was hoped that software would become the basis for a virtually "paperless" filing system resulting in effective document access, retrieval, and revision. Following two failed attempts to implement the software, OVR administration abandoned that effort. Until an effective alternative strategy is found OVR's Contracts and Grants Management Section will continue to use traditional methods of managing documents and records. ^e
G. Develop and implement a system that will provide management staff with information to assess impact, evaluate outcomes, and ensure continuous improvement of services received from grantees and contractors by July 31, 2001. ^d	OVR purchased <i>Domino.Doc</i> software and technical support to enable the collection, management, tracking, reporting, and analysis of a variety of data, including data to measure the performance of OVR's grantees and contractors. Following two failed attempts to implement the software, OVR administration has abandoned that effort. Until an effective alternative strategy is implemented, OVR's Contracts and Grants Management Section will continue to use traditional methods of collecting and analyzing grantee/contractor data. ^e
H. Increase minority placements by 3 percent for district offices who have completed Phase 1 of Diversity Training by July 31, 2001.	There was a 2.27 percent increase in minority placements from FFY 1999 to FFY 2001 for the Allentown, Harrisburg, Philadelphia, Pittsburgh, Reading, and York District Offices.
I. Increase minority placements by 5 percent within two years of district office completion of Diversity Training.	For FFY 1999, there were a total of 1,354 successfully rehabilitated minority placements, which was 14.6 percent of the total number of 9,301 placements for the agency. For FFY 2001, there were a total of 2,063 successfully rehabilitated minority placements, which was 16.8 percent of the total number of 12,301 placements for the agency. This represents a 2.2 percent increase between FFY 1999 and FFY 2001.

Exhibit 12 (Continued)

IV. Improve Service Delivery to Blind or Visually Impaired Pennsylvanians

Goals/Priorities	Reported Actions/Status ^a
A. Increase services to youth and older blind or visually impaired Pennsylvanians by utilizing the federal grant application process to increase case service dollars and modifying the specialized services program.	During FFY 2001, the Bureau of Blindness and Vision Services provided services to 2,965 persons in the Independent Living Older Blind program. This represents a 54 percent increase over the FFY 2000 figures of 1,929 persons served through this program. Services to children increased by almost 8 percent from 1,025 in SFY 1999-00 to 1,102 for SFY 2000-01.
B. Incorporate all applicable BBVS Letters of Understanding into OVR's Fee Schedule to protect BBVS from continuing federal audit exception by July 1, 2001.	All BBVS Letters of Understanding were incorporated into OVR's Fee Schedule by 07/01/01. Applicable BBVS Letters of Understanding were updated to reflect current costs and services by 10/01/01.
C. Increase employment outcomes for people who are blind or visually impaired by designing and implementing at least one new concept training program during FFY 2001.	In 09/01, BBVS launched a comprehensive training program for customers wishing to enter the Business Enterprise Program.
D. Increase appropriate inventory items in the Assistive Technology Lending Library for people who are blind or visually impaired by 10 percent during FFY 2001.	Prior to the start of FFY 2001 there were 300 inventory items appropriate for persons with visual impairments. During FFY 2001, 83 items for individuals with visual impairments have been added to the inventory, an increase of almost 28 percent.

^aAs reported by the OVR to the federal government in its FFY 2002 Update to the *Combined Agency State Plan* with updated information provided by the OVR Deputy Executive Director.

^bThe draft of OVR's FFY 2003 Update to the *Combined Agency State Plan* reports that this objective has been suspended until OVR gains an understanding of the effects ImaginePA will have on data tracking and related activities. The draft update states that the objective, as written, will not be accomplished.

^cThe draft of OVR's FFY 2003 Update to the *Combined Agency State Plan* reports that this objective has been suspended. The draft update states that the objective, as written, will not be accomplished as intended.

^dThe draft of OVR's FFY 2003 Update to the *Combined Agency State Plan* reports that this objective has been suspended. The draft update states that the objective, as written, will not be accomplished, as intended.

^eThe "Reported Actions/Status" shown are as OVR reported them to the federal government. In April 2002, the OVR provided modified wording to LB&FC staff for this goal/priority area (see page 106).

Source: Developed by LB&FC staff from information contained in the FFY 2001 and FFY 2002 Updates to the *Combined Agency State Plan* and information obtained from the Pennsylvania OVR.

K. The OVR Faces Training and Recruitment Challenges in Maintaining the Current Number of Vocational Rehabilitation Counselors

As of January 25, 2002, the OVR had a total authorized staff complement of 1,153. Of this number, 41 percent, or 468, were vocational rehabilitation counselor positions. A new federal requirement requiring counselors to have a master's degree, coupled with a projected increase in counselor retirements, is presenting significant training and recruitment challenges for the OVR.

The OVR Counselor Complement

As Table 39 shows, the OVR's January 2002 authorized complement was 1,153. At that time, 1,046, or about 91 percent of the total authorized positions, were filled. Job categories include: counselors; counselor supervisors; management; field professional; clerical and support; and other professional.

Table 39

OVR Complement Summary*				
(As of January 25, 2002)				
<u>Office</u>	<u>Filled</u>	<u>Vacant</u>	<u>Total</u>	<u>% Filled</u>
Executive Director's Office	5	3	8	62.5%
Bureau of Central Operations.....	38	6	44	86.4
Bureau of Program Operations.....	642	62	704	91.2
Hiram G. Andrews Center	215	19	234	91.9
Bureau of Blindness and Visual Services ...	141	17	158	89.2
Office for Deaf and Hard of Hearing	5	0	5	100.0
OVR Total.....	1,046	107	1,153	90.7%

*See Appendix B for a detailed breakdown of the OVR complement, by organizational unit.

Source: Developed by LB&FC staff using information obtained from OVR.

As of January 2002, the OVR complement included 433 filled and 35 vacant counselor positions. Counselor positions are concentrated in the Bureau of Program Operations' 15 OVR district offices (423 or 90.4 percent of the total authorized counselor positions). Vocational rehabilitation counselors are also on the staff of the Hiram G. Andrews Center (12 authorized) and in the six Bureau of Blindness and Visual Services district offices (33 authorized).

Over the past five years, the OVR counselor complement has remained relatively constant at about 400 filled positions. The data in Table 40 represents the average number of Vocational rehabilitation counselors on the complement of each of the OVR district offices from FFY 1997 through FFY 2001. Average figures are presented because the number of counselors at the district offices varies monthly due to separations, promotions, and new hires.

Table 40

Average Number of Vocational Rehabilitation Counselors in the OVR District Offices* (Filled Positions)					
<u>District Office</u>	<u>FFY 1997</u>	<u>FFY 1998</u>	<u>FFY 1999</u>	<u>FFY 2000</u>	<u>FFY 2001</u>
Allentown	18	19	19	19	19
Altoona.....	23	23	24	22	22
Dubois.....	12	12	12	11	12
Erie	26	26	26	27	27
Harrisburg.....	23	23	23	22	22
Johnstown	27	24	25	25	24
New Castle	26	27	27	27	24
Philadelphia	44	48	48	49	49
Pittsburgh.....	58	58	57	58	55
Reading.....	18	17	16	18	18
Rosemont.....	30	29	30	31	31
Washington	17	17	17	19	19
Wilkes Barre	25	25	25	27	27
Williamsport.....	20	19	18	20	20
York	<u>31</u>	<u>30</u>	<u>30</u>	<u>31</u>	<u>31</u>
OVR Average ^a	398	397	397	406	402

*Does not include counselors in the BBVS District Offices or at the Hiram G. Andrews Rehabilitation Center.

^aMay not add due to rounding.

Source: Developed by LB&FC staff from information obtained from OVR.

Counselors in the BBVS district offices, which averaged about 30 filled positions in total in FFY 2000 and FFY 2001, are not included in Table 40.

As of January 25, 2002, the OVR district offices were staffed with 392 counselors and had an overall vacancy rate of about 7 percent. The Pittsburgh and Erie District Offices had the most vacant counselor positions, with seven and five respectively. (See Table 41.)

Table 41

Filled and Vacant Counselor Positions, by OVR Organizational Unit
(As January 25, 2002)

<u>Organization</u>	Vocational Rehabilitation Counselor Positions		
	<u>Filled</u>	<u>Vacant</u>	<u>Total</u>
<u>Bureau of Program Operations:</u>			
Allentown District Office	18	2	20
Altoona District Office	23	1	24
Dubois District Office.....	12	1	13
Erie District Office	23	5	28
Harrisburg District Office	22	2	24
Johnstown District Office	25	2	27
New Castle District Office	27	1	28
Philadelphia District Office	47	3	50
Pittsburgh District Office	53	7	60
Reading District Office	18	0	18
Rosemont District Office.....	31	1	32
Washington District Office	18	1	19
Wilkes Barre District Office	26	1	27
Williamsport District Office	19	2	21
York District Office	<u>30</u>	<u>2</u>	<u>32</u>
Subtotal – OVR Districts	392	31	423
Hiram G. Andrews Center	<u>12</u>	<u>0</u>	<u>12</u>
Subtotal – Hiram G. Andrews Center	12	0	12
<u>Bureau of Blindness and Visual Services:</u>			
Altoona District Office	5	0	5
Erie District Office	3	1	4
Harrisburg District Office	4	1	5
Philadelphia District Office	7	1	8
Pittsburgh District Office	6	1	7
Wilkes Barre District Office	<u>4</u>	<u>0</u>	<u>4</u>
Subtotal – BBVS Districts	29	4	33
Total.....	433	35	468

Source: Developed by LB&FC staff using information obtained from OVR.

The Department of Labor and Industry's Bureau of Personnel projects that by January 2006, approximately 146 Vocational rehabilitation counselors may leave state service. The Director of the Department of Labor and Industry's Bureau of Personnel indicated that it is reasonable to expect that 146 Vocational rehabilitation counselors who are age 55 or older, have 30 or more years of service, or a combination of both of these factors as of 2002 would leave state employment sometime during the period 2002 through 2006. To offset this potential loss of 146 counselors, OVR will need to hire an average of 29 counselors per year, if they want to maintain the current counselor staffing level. Currently, OVR hires four vocational rehabilitation counselors each year through the "Counselor Internship Program." However,

during early 2002, seven students who are enrolled in the last semester of a CORE-accredited Master's Degree's Program in Rehabilitation were participating in OVR's Counselor Internship Program.

An aging work force is certainly not unique to OVR. However, when coupled with a recently enforced federal requirement that vocational rehabilitation counselors possess a Master's Degree in Rehabilitation or a closely-related field, it poses serious challenges to OVR in recruiting and training an adequate number of vocational rehabilitation counselors.

Reductions in the size of the counselor workforce would also increase the sizes of caseloads assigned to individual counselors. During FFY 2001, the OVR's average caseload for all district offices was 108 with a low of 79 in the Reading Office and a high of 143 in New Castle. (See Appendix E for further information on caseload trends in both OVR and BBVS.)

New Degree Requirement for OVR Counselors

The 1992 Amendments to the Rehabilitation Act was the first federal legislation in the history of the public rehabilitation program to require that qualified rehabilitation counselors serve the employment and independent living needs of persons with disabilities. Language in the Act and Code of Federal Regulations (34 CFR Part 361) require staff of the state rehabilitation agencies to be appropriately licensed by their states in the profession they practice. This requirement was often interpreted as limited to professions for which there were specific state licensure standards (e.g., physicians, nurses, psychologists) and might apply in those instances where professions such as occupational therapy and counseling were covered as part of the state's licensing of professionals providing their services in private practice. Clarification of the intent and requirements of the states was achieved with the 1998 amendments and the Comprehensive System of Personnel Development (CSPD) requirement. The intent of the CSPD is to ensure the quality of personnel who provide vocational rehabilitation services to assist individuals with disabilities achieve employment outcomes through the public rehabilitation program. To the extent that the state's existing personnel are not based on the highest requirements of the state, the state VR agency is required to develop a plan to retrain or hire personnel to meet the personnel standards based on the requirements in its state plan.

Federal regulations (34 CFR §361.18 (c)) define personnel standards as they apply to any professional position and establish conditions wherein the state may define state-specific personnel standards. The state plan must include the state vocational rehabilitation agency's policies and describe the procedures the state vocational rehabilitation agency will undertake to establish and maintain standards to ensure that professional and paraprofessional personnel needed within the state

unit to carry out this are appropriately and adequately prepared and trained, including:

- a. Standards that are consistent with any national or state-approved or recognized certification, licensing, or registration requirements that apply to the profession or discipline in which that category of personnel providing vocational rehabilitation services.
- b. To the extent that existing standards are not based on the highest requirements in the state, the steps the state is currently taking and the steps the state plans to take to retrain or hire personnel to meet standards that are based on the highest requirements in the state.

A 1998 memorandum from the RSA Commissioner also provides guidance to the states on setting standards. The memorandum states in part that:

Personnel standards for a particular profession must be based on the highest requirements in the state which is defined in the regulations as the highest entry-level academic degree needed for any national or state-approved or recognized certification, licensing, or registration. When such national or state requirements do not exist, personnel standards must be based upon comparable requirements that apply to that profession. Thus, for rehabilitation counselor, if state-approved or recognized certification, licensing, or registration requirements do exist within the state, then the state vocational rehabilitation agency must base its personnel standards for counselors on one of the following:

- a. the highest entry-level degree needed under the existing state requirements;
- b. a degree that exceeds the degree needed under the existing state requirements; or
- c. the degree required for the national CRC requirement - a master's degree in rehabilitation counseling or a closely related field, or until December 16, 2001, a master's degree in any discipline with at least 18 graduate level credit hours in specified areas.

If there are no state-approved or recognized certification, licensing, or registration requirements for rehabilitation counselors, the state vocational rehabilitation agency must base its personnel standards for counselors on:

- a. the degree needed to meet the national CRC requirements--a Master's Degree in Rehabilitation Counseling or a closely related field; or

- b. new state certification licensing, or registration requirements for rehabilitation counselors developed by the appropriate certification licensing, or registration body of the state.

As interpreted by the RSA Commissioner, both the law and the regulations suggest that, in the absence of state licensing or certification for rehabilitation counseling, states should adopt the academic degree requirements called for by the Commission on Rehabilitation Counselor Certification (CRCC). The requirement that OVR vocational rehabilitation counselors possess a Master’s Degree in Rehabilitation Counseling or CRC credentials results from these provisions and the absence in Pennsylvania of a state-approved or recognized certification, licensing, or registration requirement for rehabilitation counselors.

In order to meet CSPD requirements as outlined in the law and regulations, the Pennsylvania State Board of Vocational Rehabilitation took action on a new policy and approved language in the FFY 2002 Update to the OVR State Plan to raise standards for newly employed and currently employed vocational rehabilitation counselors. The Board has directed OVR to ensure that both new and existing VR counselors meet the standard of possessing a Master’s Degree in Rehabilitation Counseling or Certified Rehabilitation Counselor eligibility or credentials.

OVR Response to Counselor Training and Recruitment Challenges

Baseline Survey

In early 2001, OVR began the process of bring all vocational rehabilitation counselors up to the federal standard by conducting a survey of the professional and educational credentials of its professional staff. The OVR survey of staff credentials found that, as of March 31, 2001, 218 professional staff met the standard. However, of the professional staff meeting the new standard, only 147 (34 percent) of the 432 OVR counselors who responded to the survey met the new standard:

Counselors Meeting Standard.....	147
Counselors Not Meeting Standard	<u>285</u>
Total VR Counselors Responding	432

Training is required for the 285 vocational rehabilitation counselors who do not meet the new standard. OVR plans to categorize these 285 VR counselors into priority training groups and to designate the priority that each group will receive for the retraining effort. This retraining effort will ensure that existing VR counselor staff will eventually meet the standard of possessing a Master’s Degree in Rehabilitation Counseling or Certified Rehabilitation Counselor eligibility or credentials.

The staff survey also revealed that 50 percent of the existing vocational rehabilitation counselors have 25 years of service or more. Consequently, OVR has decided that these individuals will be placed into the lowest priority group for retraining over the next five years (approximately 142 counselors). OVR is working with the Pennsylvania Social Services Union in order to prioritize the remaining 143 VR counselors who need retraining in order to meet the new standard.

Training Plans and Initiatives

As of September 1, 2001, 35 OVR counselors and 5 other VR professional staff were enrolled in an online master's degree program through George Washington University (GWU). More counselors are expected to participate in this program until the Rehabilitation Services Administration's GWU grant expires in 2003. The recruitment of VR counselors for this program occurred through contacts between local Pennsylvania Social Services Union (PSSU) representatives and OVR district office management staff. OVR plans to continue marketing and recruiting for this program for the duration of the RSA/GWU grant. The first 14 OVR counselors to receive a Master's Degree in Rehabilitation Counseling through the GWU program will graduate in May 2002.

In related master's degree training activities, OVR reports that it is:

- *Collaborating with Pennsylvania CORE-approved universities* (Pennsylvania State University, the University of Pittsburgh, Scranton University, and Edinboro University) to develop local and statewide programs to meet the retraining needs of OVR counseling staff.
- *Continuing to investigate other online university training programs similar to the GWU program nationwide.* OVR is continuing to investigate other online university training programs similar to the GWU program nationwide. However, these other programs are not as attractive as the GWU program since the students would be required to pay the tuition costs. Under the current arrangement, the GWU online master's program requires a minimum out-of-pocket expenditure on the part of the student (approximately \$50) for the program with remaining costs funded by the federal grant (tuition and books) or OVR (travel, room, and per diem costs for the in-residence training portion of the program) from its RSA In-Service Training Grant.
- *Using a portion of the RSA In-Service Training Grant to pay for the travel, room, and per diem costs for VR counselors enrolled in the GWU online master's program.* OVR training personnel indicated that an amendment to the In-Service Training Grant will be required as the retraining initiative for VR counselors expands since the grant was originally written to defray the costs for continuing education requirements to maintain CRC certification. In FFY 2002, the allocation for the In-Service Training

Grant from RSA amounted to \$249,484, with the Commonwealth providing additional matching funds of \$27,720.

- *Planning to work with the Commission on Rehabilitation Counselor Certification to determine OVR counselor eligibility for Certified Rehabilitation Counselors (CRC) credentials.* This effort is for staff that currently hold a master's degree that is not CRC eligible, generally a Master's Degree in Counseling but not rehabilitation counseling. OVR will also work with the Commission to evaluate vocational rehabilitation counselor educational credentials in order to develop a retraining plan for CRC eligibility. However, to date, OVR has not actively pursued these actions.

Recruitment Plans and Initiatives

OVR is in the process of raising the entry-level requirements for vocational rehabilitation counselors to reflect the requirements established by the CRCC for Certified Rehabilitation Counselors (CRC). Newly hired vocational rehabilitation counselors will be required to have the credentials necessary to be eligible to receive a CRC, but a CRC itself would not be required. This standard will require that candidates for counselor positions possess a Master's Degree in Rehabilitation or closely-related field. The Department of Labor and Industry's Bureau of Personnel, Office of Equal Employment Opportunity, the Pennsylvania Social Services Union, and the Pennsylvania State Civil Service Commission have all been involved in these decisions.

According to the Department's Director of Personnel, language outlining the new VR counselor I entry-level requirements (Civil Service Minimum Education and Experience) has been finalized and forwarded to the Office of Administration for approval. This change in entry-level standards, requiring a Master's Degree in Rehabilitation Counseling, is targeted for completion by FFY 2003.

The OVR reports that it is taking the following additional actions in attempting to ensure an adequate supply of counselors to meet its counselor staffing needs over the next five years:

- *OVR is designing a "transition plan" in coordination with the Bureau of Personnel.* The purpose of the transition plan is to ensure an adequate supply of qualified candidates on the Civil Service list to fill vocational rehabilitation counselor vacancies statewide during implementation of the new civil service requirements (Master's Degree in Rehabilitation or CRC Credentials). This transition plan includes notifying all individuals who are on the current State Civil Service list of candidates for VR counselor of the new standards and offering them the opportunity to apply for the new employment list if they possess the appropriate credentials.

- *OVR has received approval from the Pennsylvania Civil Service Commission to waive Pennsylvania residency as a condition of application for the position of vocational rehabilitation counselor intern. This will allow OVR to recruit nationally and to offer counselor vacancies to interested master's degree students while in their final semester of graduate school. A similar waiver will be pursued for the position of Vocational Rehabilitation Counselor I following final approval of the new entry-level standards.*
- *OVR's Bureau of Central Office Operations has recently designated a rehabilitation specialist in its Training and Field Services Section charged with the responsibility of coordinating recruiting individuals for the "Counselor Internship" Program for VR counselors. OVR officials believe this will materially assist Pennsylvania's counselor recruitment efforts.*
- *OVR has received approval from the Pennsylvania Civil Service Commission to implement an experience and training examination as the means to assess a candidate's qualifications for the position of vocational rehabilitation counselor. This "review of experience and training" will replace the written Civil Service Vocational Rehabilitation Counselor Test.*
- *In January 2002, OVR designated a Rehabilitation Specialist position for the purpose of actively recruiting qualified vocational rehabilitation counselors within Pennsylvania and nationwide. This individual is assigned to OVR's Central Office and, with the assistance of CORE-approved university faculty, field office staff, active OVR Advisory Councils, PSSU, and other key stakeholders is developing a "proactive and aggressive plan" to recruit qualified vocational rehabilitation counselors including those with disabilities and those from diverse cultural backgrounds and underrepresented groups. This also includes recruitment efforts to ensure an adequate supply of vocational rehabilitation counselors trained to provide services to specialty caseloads (e.g. counselors for the deaf and hard of hearing and counselors for the blind and visually impaired).*
- *OVR is exploring the availability of grant funds to offer full or partial scholarships to students who plan to pursue a Master's Degree in Rehabilitation Counseling that would meet CRC eligibility. These scholarships may include an obligation for employment requirement. A scholarship recipient would have to agree to work for the OVR in Pennsylvania for a minimum number of years in exchange for accepting the scholarship.*
- *OVR continues to utilize and expand the OVR Internship Program. This includes the waiver of Pennsylvania residency, so that the Internship Program can include out-of-state residents as candidates for employment. This provides OVR with an edge in recruiting qualified rehabilitation personnel while they are still in their master's degree program. The program allows a master's degree candidate with an approved CORE-accredited*

Master's Degree Program in Rehabilitation Counseling a permanent position as a Vocational Rehabilitation Counselor I upon graduation and the successful completion of an internship with OVR. During the spring 2002 semester, seven individuals are participating in the OVR internship program. The number of potential internships is limited by the availability of counselor vacancies.

- *OVR is developing a proactive recruitment initiative by establishing relationships nationwide with universities and colleges offering degree programs in rehabilitation.* The OVR Executive Director has made contacts with a number of institutions and plans to hold in-house meetings on this subject as well as meetings and seminars with representatives of interested colleges and universities.

L. The OVR Plans to Modify Policies and Procedures for Job Creation Grants as a Result of Recent Negative Audit Findings

The OVR awards a variety of grants to both public and private agencies. (See Finding F.) The purpose of these grants is to develop and implement innovative approaches for achieving long-term success in expanding and improving vocational rehabilitation services. One grant type, known as job creation grants, is awarded for the development of local “grants to business” programs.

Job creation grants are designed to increase employment of OVR customers and to stimulate local economic growth through the acquisition of equipment essential to the production and primary purpose of the business. Equipment acquired for use by local employers as a result of these grants must be operated throughout the life of the equipment by a person, or persons, with severe disabilities who are OVR customers. These grants are intended to create jobs in businesses that otherwise would probably not actively recruit persons with disabilities.

Recent Special Audit of the Amoores Job Creation Grant

Background

The Department of the Auditor General conducted a special audit of job creation grants the OVR awarded to Amoores Health Systems, Inc., (AHS), a for-profit corporation headquartered in King of Prussia, Pennsylvania. The audit report was released in November 2001 and covered the two-year period from February 2, 1998, to February 1, 2000.

Between 1991 and 1997, OVR awarded job creation grants to various government/public, or non-profit organizations around the Commonwealth, but not in the Philadelphia and Chester areas. In 1991 and 1992, OVR issued requests for proposals seeking acceptable organizations interested in obtaining grants in these areas. However, OVR officials report that they were unable to identify an acceptable organization.

In January 1997, OVR awarded a \$45,000 “Job Creation Grant Program Innovation and Expansion Grant” contract to AHS. The contract was awarded as a sole source contract under the Commonwealth’s procurement procedures. The purpose of this grant was to analyze past problems related to the development and implementation of a job creation program in Philadelphia. The resulting information was to be used “to create a marketing strategy to ensure successful implementation”

of such a program in the future. Amoire submitted a final report on its work to OVR in October 1997.

In January 1998, OVR awarded Amoire a Job Creation Assistance Program Grant to create employment opportunities for persons with disabilities in the Philadelphia and Chester areas. The grant was in the form of a service purchase contract entitled "Contract to Improve and Expand Services for Persons with Severe Disabilities." OVR awarded the grant on a sole source basis. OVR's stated justification for sole source was that the selected contractor was the only one with the capabilities to provide the goods or services.

The initial grant was \$500,000 for the year February 2, 1998, to February 1, 1999, with options to renew for each of the next three years and to award an additional \$500,000 in each year. According to the contract, Amoire was to be responsible for (1) overall grant administration; (2) monitoring compliance with all L&I/OVR regulations and guidelines for use of grant funds; (3) working with L&I/OVR staff in establishing and maintaining positive and collaborative relationships with business partners; and (4) compliance with all L&I/OVR reporting requirements.

According to the grant program's work plan, the goal was to "result in creating employment opportunities for 25 OVR customers via the purchase of equipment for eligible employers so that their businesses can expand and to stimulate local economic growth." One of the contract terms provided for payment of invoices in advance. Amoire would submit invoices to OVR, and then OVR would pay Amoire to enable the grantee to have working capital to make the purchases necessary for future hirings. Amoire was responsible for purchasing equipment for business firms participating in the program and then for monitoring the employers' compliance with L&I/OVR regulations and guidelines.

Other contract terms required Amoire to maintain documentation supporting grant activities and related costs. OVR was required to monitor and evaluate the program and the financial management of the contract, and any subcontracts.

According to the Auditor General's report, the audit was conducted as a result of a complaint about the process used to award job creation grants to Amoire and the administration and outcome of these contracts.

Special Audit Objectives

The Auditor General's report stated that the overall objective of the audit was to determine whether the Amoire contract was effectively and efficiently achieving the purposes of the Job Creation Assistance Program, especially the promotion of job opportunities for disabled citizens. Specifically, the audit focused on whether:

- L&I management awarded the contract in accordance with Commonwealth procurement regulations;
- costs claimed by Amoire for reimbursement under the agreement were necessary, reasonable, and appropriate in the circumstances;
- the results achieved under the contract were both reasonable and cost beneficial to the Commonwealth;
- Amoire administered the grant in compliance with the provisions of the grant agreement and other applicable laws and regulations; and
- L&I management had proper internal controls including appropriate on-site monitoring and/or auditing of Amoire activities and costs claimed.

Special Audit Findings

The Auditor General concluded that “L&I failed to exercise sufficient caution and care in the job creation grant awarded to AHS with regard to the procurement of services as well as the spending and safeguarding of Commonwealth funds.” The audit report states that both OVR and AHS failed to administer the job creation grant properly during the two-year period audited.

The following are specific findings as stated in the Auditor General’s 2001 report along with commentary on OVR’s responses to the findings:

- The Auditor General found that L&I/OVR failed to justify and document the decision to award the Job creation grant to Amoire on a sole source basis. The award did not comply with Commonwealth procurement procedures and the written justification statement appeared to misrepresent and omit information concerning the availability of other providers.

L&I/OVR responded that in the future OVR would be more specific when it prepares sole source justifications.

- In addition to serving as Program Administrator, Amoire is also an employer and subrecipient within the Program. As an employer and subrecipient, Amoire and its affiliate received \$111,241 in equipment, more than eight of the nine participating employers. The Auditor General concluded that although Amoire and its affiliate employed seven OVR clients as an employer in the Program, Amoire’s dual role as Program Administrator and employer created a conflict of interest and L&I/OVR failed to exercise appropriate oversight for the equipment purchases made by and for Amoire.

L&I/OVR stated that equipment award made through this grant to the grantee was reviewed, and if approved, countersigned by an appropriate authority representing the local OVR District Office. OVR’s Job creation

grantees do not have authority to make a Job Creation award to itself or to any other entity. The OVR stated further that it would immediately implement enhancements in its monitoring controls and that requirements related to retention of grant records and associated documents will be expanded to include retention and management of rejected employer assistance applications.

- Amoores received \$384,118 (or 40 percent) out of total grant costs of \$962,405 in the first two years of the grant. The Auditor General concluded that based on a comparison with other OVR job creation grants administered by other outside grantees and considering the stated objectives of job creation assistance, Amoores 40 percent share is significantly higher than the average for grantees with similar responsibilities.

L&I/OVR stated that there are valid reasons why the grantee's administrative expenses are higher than other Job creation grantees. One reason would be that they are serving an urban area. Additionally, they focused a lot of efforts on marketing. (Note: the Auditors responded that they disagreed with these statements). OVR stated that it would initiate discussion with the Comptroller's staff to review the management and oversight procedures for possible revisions.

- Amoores claimed \$272,877 as administrative costs. This represents 28.4 percent of total grant costs in the first two years, which far exceeded the average of 8.4 percent in administrative costs for similar job creation grants administered by other L&I grantees. Out of a sample of personnel and non-personnel cost items, the Auditor General questioned a minimum of \$56,626 in administrative costs charged to the grant by Amoores as inappropriate or inadequately documented in violation of the grant agreement.

L&I/OVR stated that OVR will address all questioned costs and will pursue settlement and recovery as appropriate

- L&I/OVR failed to fill a significant number of jobs created with grant funds from the first two years. L&I/OVR also failed to timely place eligible clients into jobs and to timely refill vacancies, so that job creation equipment remained idle for significant periods.

L&I/OVR stated that they now have ceased purchasing equipment for a business before an OVR job candidate has been successfully matched.

- Amoores violated OVR approval and competitive bidding requirements for subcontracts under the job creation grant. They noted \$69,860 in grant funds that were spent without competitive bidding or proper OVR-approved sole source justifications required by the grant agreement. As a result, there was no assurance that job creation grant services were acquired at the lowest or most reasonable cost available.

L&I/OVR agreed with recommendations to strengthen its monitoring controls over job creation grant subcontracts to ensure that grantees comply with applicable subcontracting regulations and obtain subcontracted services at the lowest or most reasonable cost available. They also agreed with the recommendation that they should ensure that proper sole source justifications are completed by all grantees and submitted and pre-approved by OVR officials before the subcontracts are awarded. They also agreed with the recommendation stating that all job creation grantees should report their costs in the proper budget categories to allow for adequate monitoring of these costs.

- Amoire kept grant funds on hand in the form of excess cash for significant periods of time. This practice violated federal and state cash management regulations. Amoire also failed to comply with a provision in the grant agreement requiring the deposit of grant monies in an interest-bearing account and remitting all interest earnings back to the Commonwealth.

L&I/OVR stated that OVR will take steps to strengthen grantee cash management practices, enforce deposit of grant funds in interest-bearing accounts pursuant to the terms of the OVR contract, and assure that job creation equipment is purchased in conjunction with identified employment of a specific person, not in advance of that.

- There were possible violations of state sales and use tax laws in connection with equipment purchases made as part of the job creation grant

L&I/OVR stated that miscommunication from OVR to the grantee resulted in confusion as to the taxability of equipment purchased under the grant. OVR will ask the Department of Revenue for a legal opinion with respect to the taxability of equipment which is purchased by grantees under the job creation grant program. After this opinion is received, OVR will assure that all job creation grantees are informed whether or not Pennsylvania sales tax must be paid on equipment they purchase.

During its audit, the Auditor General's Office learned that OVR had awarded another sole source Job Creation Program grant to Amoire in the Pittsburgh area in March 1999. The grant was for three years, at \$350,000 per year. While this grant was not included within the audit, the Auditor General observed that it appeared that the sole source justification statement for this grant contained deficiencies similar to those noted in the Philadelphia Amoire grants.

OVR Actions in Response to the Special Audit Findings

While "categorically rejecting" any contention that OVR ignored state contracting requirements, L&I officials reported to the Auditor General that it was making significant changes "to ensure that the Job Creation Grant Program

provides the maximum benefits for those Pennsylvanians who need it.” (In some cases, planned actions were noted along with the finding statement in the preceding section entitled “Special Audit Findings.”)

The OVR’s Executive Director and Deputy Executive Director also told LB&FC staff that the following actions are resulting from the special audit:

- Notice will be issued to OVR offices and job creation grantees formally directing that no equipment may be purchased for employers without first identifying qualified job candidates who are acceptable to the employer and who are available to take the created employment positions.
- The requirement that OVR grantees and/or participating sub-grantees register with the Pennsylvania Department of State any property purchased with grant funds, thereby establishing OVR’s claim against that property, is being reinstated.
- Formal notice will be issued to all grantees/sub-grantees informing them that property purchased with grant funds may not be used as collateral for any financial transactions so long as the Commonwealth’s claims against the property remain active.
- Increase the frequency of site monitoring by OVR Central Office to every six months.
- Revise OVR’s grant monitoring procedures to include participating employer site visits, employer and employee interviews, and personal verification of granted equipment.
- Develop an equipment recovery protocol establishing the conditions under which job creation equipment may be recalled from an employer; the process for reclamation; and the process for disposition of re-claimed equipment.
- Establish uniform protocols for the Commonwealth to assist and/or cooperate with job creation grantees engaged in legal pursuit of equipment through the courts.

Current Status of the Amore Grants

OVR’s grant agreement with Amore for Southeastern Pennsylvania expired on February 1, 2002; the agreement covering Allegheny County expired on February 28, 2002. During the period of these grant contracts, OVR paid a total of \$3,095,000 to Amore, as follows:

- \$45,000 for a “Job Creation Grant Program Innovation and Expansion Grant” to analyze past problems related to the development and implementation of a job creation grant in Philadelphia;

- \$2,000,000 for a four-year job creation grant in southeastern Pennsylvania; and
- \$1,050,000 for a three-year job creation grant in Allegheny County.

Based on information we obtained from the OVR's Contracts and Grants Management Section, the Amoores grants referenced above resulted in employment placements for 123 OVR customers at an average cost of \$24,797 per placement. (See Table 42.)

Table 42

Employment Placements Made as a Result of Amoores Job Creation Grants					
	<u>Grant Period</u>	<u>Total Expenditures</u>	<u>Number Employed</u>		<u>Cost Per Employment Placement</u>
			<u>Target</u>	<u>Actual</u>	
Amoores Health Systems, Inc. (Southeastern PA)	2/2/98 to 2/1/02	\$2,000,000	100	70	\$28,571
Amoores Health Systems, Inc. (Allegheny County)	3/1/99 to 2/28/02	<u>1,050,000</u>	<u>48</u>	<u>53</u>	19,811
Totals		\$3,050,000 ^a	148	123	\$24,797

^aDoes not include a \$45,000 grant to analyze past problems in developing and implementing a job creation grant in Philadelphia.

Source: Developed by LB&FC staff using information obtained from the Pennsylvania OVR.

The OVR's Executive Director stated us that he believes job creation grants are a viable expenditure of program funding and stated that he would like to see his agency continue to use them. As of April 1, 2002, however, only one job creation grant was active. This grant is with the Northwest Pennsylvania Regional Planning and Development Commission. The status of OVR's future working relationship with Amoores, Inc., is uncertain. In mid-March 2002, the supervisor of the Contracts and Grants Management Section stated that one-year extension amendments had been prepared for each of the Amoores grants. If approved, the contracts would provide for additional funding of \$500,000 for the Amoores contract in Southeastern Pennsylvania and \$350,000 for the Amoores contract in Allegheny County.

VI. Appendices

APPENDIX A

Background Information on the State Board of Vocational Rehabilitation and OVR Stakeholder Groups

The State Board of Vocational Rehabilitation is composed of the Secretary of Labor and Industry, the Executive Director of the Office of Vocational Rehabilitation, and ten members appointed by the Governor. Members must include individuals with disabilities. Geographic balance is to be considered when making appointments. Members must be appointed on the basis of respected standing, interest in rehabilitation, and interest to serve.

Members serve six-year terms, with no restriction on the number of terms one can serve. Members may serve after their term expires until a successor is appointed and qualified. The Board must meet at least four times each year; meetings must be held in various locations throughout the state.

The Board has the following responsibilities:

- supervise, administer, and control the Office of Vocational Rehabilitation;
- establish the philosophy, mission, and goals under which the Vocational Rehabilitation Program will be conducted;
- establish policies regarding the development and delivery of vocational rehabilitation services;
- establish policies for entering into reciprocal agreements with other states to provide vocational rehabilitation services to residents of such states;
- establish policies relating to the expenditure of funds for vocational rehabilitation;
- prepare and publish state Vocational Rehabilitation Program plans for a three-year period;
- review and evaluate on a continuing basis all policies, programs, and activities that concern vocational rehabilitation; and all policies, programs, and activities established by the Board in order to assess the effectiveness of such policies, programs, activities, and statutes in meeting the rehabilitation needs of handicapped individuals;
- assess the extent to which the policies, programs, and activities provide incentives or disincentives to the establishment of community-based services, promote the full integration of such individuals in the community, schools, and workplace, and contribute to the independence and dignity of such individuals;
- provide to the General Assembly and Governor on a continuing basis, advice, recommendations, legislative proposals, and any additional information that the Board or General Assembly deems appropriate;
- submit an annual report by March 31 to the General Assembly and Governor;

Appendix A (Continued)

- make bylaws and rules as necessary;
- hold hearings as necessary;
- appoint advisory committees, task forces, and study groups to assist the Board; and
- use operational support services of OVR.

The Pennsylvania Rehabilitation Council

The Pennsylvania Rehabilitation Council is a statewide citizens group created to advise the Office of Vocational Rehabilitation regarding vocational rehabilitation services. The Federal Rehabilitation Act, 29 U.S.C. §725, requires creation of the Council. The Council is comprised of representatives of the following:

- the Statewide Independent Living Council;
- parent training and information centers;
- client assistant programs;
- qualified Vocational Rehabilitation Counselors;
- community rehabilitation programs;
- business, industry, and labor;
- disability advocacy groups;
- current or former applicants for vocational rehabilitation services;
- state educational agencies responsible for public education of students with disabilities; and
- the State Workforce Investment Board.

Council members are appointed by the Governor and must include a majority of persons who are disabled and not employed by OVR. The function of the Council is to advise OVR regarding its performance of its responsibilities under the act; help set state goals and priorities; help evaluate the effectiveness of the Vocational Rehabilitation Program; help with the state plan, reports, assessments, and evaluations; annually report to the Governor; and help coordinate activities among other councils within the state. In essence, the Pennsylvania Rehabilitation Council functions to provide citizen input into policies and delivery systems of OVR.

The Statewide Independent Living Council

Pennsylvania's Statewide Independent Living Council is a consumer-controlled advisory committee to the Independent Living Services Program within OVR. The Federal Rehabilitation Act, 29 U.S.C. §796d, requires creation of the Council. The Council is made up of representatives of the following:

Appendix A (Continued)

- a Director of a Center for Independent Living;
- OVR;
- other state agencies that provide services for individuals with disabilities;
- other representatives of Centers for Independent Living;
- parents and guardians of individuals with disabilities;
- disabilities advocates;
- private businesses;
- organizations that provide services for individuals with disabilities; and
- other appropriate individuals.

Members are appointed by the Governor and must represent a broad range of individuals with disabilities. A majority of members must be individuals with disabilities. The Council helps with the development of the state plan and monitors its implementation. The Council also coordinates activities with the Pennsylvania Rehabilitation Council and makes periodic reports to the federal Commissioner.

The Workforce Investment Board

Executive Order 2000-2 was adopted in response to the passage of the federal Workforce Investment Act of 1998, which was enacted to consolidate, coordinate, and improve employment, training, literacy, and Vocational Rehabilitation Programs. The Workforce Investment Board created in the Executive Order as part of Team Pennsylvania consists of the following members:

- the Governor or designee;
- two House and two Senate members;
- representatives appointed by the Governor that include private sector employers from each Team Pennsylvania region, and business owners, chief executive officers, and other business executives with policymaking or hiring authority;
- chief elected officials;
- representatives of labor organizations;
- representatives of individuals and organizations experienced in youth activities;
- representatives of organizations that have experience and expertise in the delivery of workforce investment activities, including chief executive officers of community colleges and community-based organizations; and
- the Secretaries of Aging, Community and Economic Development, Education, Labor and Industry, and Public Welfare, and the Director of the Governor's Policy Office.

Appendix A (Continued)

The purposes of the Board, as they are most relevant to vocational rehabilitation are:

- to collaborate and coordinate with state agencies and state boards and commissions that shape economic development and education policies in the state, including, but not limited to, the Ben Franklin/IRC Partnership Board, the State Board of Education, the State Literacy Council, the Pennsylvania Apprenticeship and Training Council, the State Board of Vocational Rehabilitation, the State System of Higher Education, the state-related universities, and the Pennsylvania Higher Education Assistance Agency, in order to develop statewide policies that connect workforce development with lifelong learning and economic competitiveness; and
- coordinate the provision of services among state agencies consistent with the laws and regulations governing the human resources programs and Pennsylvania's unified plan for workforce investment. Applicable state and federal laws include, among many others, the Rehabilitation Act Amendments of 1998.

Governor's Committee on Employment of People With Disabilities

Executive Order 1981-13 established the Governor's Committee on Employment of People with Disabilities. The Committee is chaired by the Secretary of Labor and Industry along with representatives of agencies and organizations operating in the state that are interested in any phase of service to persons with disabilities and other individuals interested in the problems of persons with disabilities. Its purpose is to coordinate activities for the promotion of employment of persons with disabilities at the state level, support local committees, be a resource to organizations on legislation, be a resource to people with disabilities in providing information on government services available to help them gain self-sufficiency through employment, and recognize outstanding achievements in employment and in hiring people with disabilities.

Advisory Committee for the Blind

Pennsylvania law, at 71 P.S. §580.5, establishes an Advisory Committee for the Blind within the Department of Labor and Industry. The Committee is comprised of nine members, consisting of representatives of the state's Bureau of Blindness and Visual Services and various public and private organizations representing the professional and lay groups from fields of interest served by programs administered by the Bureau of Blindness and Visual Services. The Committee advises the Governor on issues, programs, and services related to blindness and visual impairment in the state.

Advisory Council for the Deaf and Hard of Hearing

The Advisory Council for the Deaf and Hard of Hearing is created by statute within the Department of Labor and Industry. The Council consists of seventeen members, including nine members of the public appointed by the Governor. The members appointed from the public are to be individuals from schools, organizations, and non-state agencies that render services to or represent individuals who are hard of hearing. At least four Council

Appendix A (Continued)

members are to be deaf or hard of hearing. The purpose of the Council is to make recommendations to agencies that are concerned with work with or for the deaf and hard of hearing, act as an advocate, and as a bureau of information.

Multicultural Advisory Committee

The Multicultural Advisory Committee (MAC) was created in 1995 to have representation from the various racial and ethnic sectors of the Commonwealth. The purpose of the MAC is to develop recommendations for OVR on how to better serve individuals with disabilities from diverse ethnic and racial backgrounds.

APPENDIX B

Office of Vocational Rehabilitation Staff Complement, by Position Category (Filled and Vacant Positions as of January 25, 2002)

Office	VR Counselors		VR Supervisors and Field Professionals		Clerical and Support		Management and Other Professional		OVR Total	
	Filled	Vacant	Filled	Vacant	Filled	Vacant	Filled	Vacant	Filled	Vacant
Executive Director's Office	0	0	0	0	2	3	3	0	5	3
Bureau of Central Operations:										
Director's Office	0	0	0	0	2	1	2	0	4	1
Field & Employer Services Division	0	0	0	0	3	0	4	2	7	2
Constituent & Infrastructure Svcs. Div	0	0	0	0	4	1	10	1	14	2
Management & Information Svcs. Div.	0	0	0	0	1	0	12	1	13	1
Subtotal.....	0	0	0	0	10	2	28	4	38	6
Bureau of Program Operations:										
Director's Office	0	0	0	0	2	0	4	1	6	1
Allentown District Office	18	2	4	0	6	2	2	0	30	4
Altoona District Office	23	1	4	1	9	0	2	0	38	2
Du Bois District Office	12	1	3	0	6	1	2	0	23	2
Erie District Office	23	5	5	0	10	1	2	0	40	6
Harrisburg District Office	22	2	5	0	6	2	2	0	35	4
Johnstown District Office	25	2	4	1	10	1	2	0	41	4
New Castle District Office	27	1	5	0	8	2	1	2	41	5
Philadelphia District Office	47	3	8	1	14	2	5	0	74	6
Pittsburgh District Office	53	7	6	1	19	1	3	1	81	10
Reading District Office	18	0	4	0	7	1	2	0	31	1
Rosemont District Office	31	1	6	0	9	3	2	0	48	4
Washington District Office	18	1	3	1	6	0	2	0	29	2
Wilkes Barre District Office	26	1	5	0	12	1	1	2	44	4
Williamsport District Office	19	2	4	0	7	1	2	0	32	3
York District Office	30	2	5	1	12	1	2	0	49	4
Subtotal.....	392	31	71	6	143	19	36	6	642	62

Appendix B (Continued)

Office	VR Counselors		VR Supervisors and Field Professionals		Clerical and Support		Management and Other Professional		OVR Total	
	Filled	Vacant	Filled	Vacant	Filled	Vacant	Filled	Vacant	Filled	Vacant
Hiram G. Andrews Center:										
Director's Office.....	0	0	0	0	7	0	8	1	15	1
Allied Health Services Division	0	0	11	4	4	0	2	0	17	4
Education Division.....	0	0	0	0	9	0	35	3	44	3
Student Services Division	12	0	4	1	8	1	11	0	35	2
Institutional Support Services Div.	0	0	0	0	79	7	6	0	85	7
Student Life Division.....	0	0	4	0	15	1	0	1	19	2
Subtotal	12	0	19	5	122	9	62	5	215	19
Bureau of Blindness and Visual Svcs:										
Director's Office.....	0	0	2	2	7	1	2	1	11	4
Altoona District Office	5	0	9	0	5	0	5	0	24	0
Erie District Office.....	3	1	7	0	4	0	4	0	18	1
Harrisburg District Office	4	1	7	1	4	1	4	0	19	3
Philadelphia District Office.....	7	1	10	0	5	1	4	0	26	2
Pittsburgh District Office.....	6	1	8	2	4	1	3	1	21	5
Wilkes Barre District Office.....	4	0	9	1	5	0	4	1	22	2
Subtotal	29	4	52	6	34	4	26	3	141	17
Office for the Deaf & Hard of Hearing	0	0	0	0	4	0	1	0	5	0
Total OVR Complement	433	35	142	17	315	37	156	18	1,046	107

Source: Developed by LB&FC staff using information obtained from OVR.

APPENDIX C

OVR Financial Needs Test

Once an individual has been accepted into the Vocational Rehabilitation Program and the Individual Plan for Employment (IPE) has been developed, The Vocational Rehabilitation Counselor performs a "Financial Needs Test" with the customer to determine the source(s) of payment for the services that are listed in the IPE. There is no charge for diagnostic services, counseling, and job placement assistance. However, a customer may be required to share the cost of other services after a financial needs assessment is completed. The OVR counselor discusses the determination from this Financial Needs Test and all financial matters with the customer prior to the initiation of services.

The OVR Counselors use Form OVR-105 to administer the Financial Needs Test. This test starts with the individual's annual income, which is gross income plus estimated interest income as well as any non-taxed income. Current pay statements are reviewed to verify the income, and when not available, prior year's federal income tax returns are examined.

From this annual income, exceptional expenses are deducted. These expenses are current expenses directly related to the customer's disability or to the significant disability of another family member dependent on the customer's income. These listed expenses should not be covered by another source of income and should be non-reimbursable, including, but not limited to medical/hospital bills, medical supplies and equipment, prescribed medication, therapy, adaptive equipment, equipment maintenance, equipment supplies, attendant care, extraordinary transportation costs, reader services, driver services, interpreter services, and home modifications. These expenses must be documented in order for a customer to receive credit for them.

After exceptional expenses are deducted from annual income, the resulting amount is called "Financial Needs Test Income." From this amount, the figure of \$26,000 is deducted. This amount is referred to as "Income Allowance" and is 300 percent of the annually published Federal Poverty Income Guidelines, rounded to the nearest thousand.

The format of this calculation is shown below:

Annual Income.....		\$ _____	
Less Exceptional Expenses		(_____)	
Financial Needs Test Income		_____	
Less Income Allowance		\$ 26,000	
Subtotal		_____	
Less \$2,500/Dependent		_____	
Financial Needs Test Income x Contribution Rate of 10%		\$ _____ X .10	
Amount Customer Must Contribute		\$ _____	

Once this calculation is made, \$2,500 is deducted for each dependent in the family, not including the OVR customer. This results in the final Financial Needs Test Income. If there is an amount here greater than \$0, the customer must contribute 10 percent of that amount towards authorized services for the twelve-month period beginning with the first

Appendix C (Continued)

service authorized. This entire contribution must be spent before OVR will spend program funds on the customer's behalf.

The customer, any party that is responsible for the customer (as is necessary with certain disabilities), and the Counselor sign the Financial Needs Test form to affirm that the information is true and accurate. As income and exceptional expenses change, the form is revised.

Before OVR will spend money for authorized services, the Counselor must determine if any third party payments are available to pay for authorized services, as OVR is the "payer of last resort." Counselors check insurance companies, veterans' benefits, Social Security funds, and other third parties for funding before OVR monies can be used. These alternative funding means are listed as a line item entitled "comparable benefits" on the IPE form. Alternative funding must also be checked for tuition. The customer must apply for as much financial aid that is possible in the form of PHEAA grants, federal Pell Grants, student loans, and other sources before OVR will pay the difference for the tuition (up to a \$1,750 per semester cap). In cases where third-party monies are available, OVR will pay for the service, and is then reimbursed by the third party in order to keep services flowing.

APPENDIX D

Costs of Case Services Provided to OVR Customers, by Type (FFY 2001)

<u>Type of Services Provided</u>	<u>Amount</u>	<u>Number of Customers</u>	<u>Avg. Cost Per Customer</u>
Tuition and Fees	\$23,095,158	8,649	\$2,670
Job Coaching	8,045,834	3,913	2,056
Special Agreements	2,423,227	1,335	1,815
Vehicle Assessment/Modifications.....	2,271,568	367	6,190
Psychological Services	2,016,309	6,083	331
Hearing Aids and Devices	1,887,553	1,755	1,076
Prosthetics.....	1,452,512	293	4,957
Home Modifications	1,431,915	251	5,705
Placement Equipment	1,399,846	637	2,198
Wheelchairs.....	1,093,935	403	2,714
Transportation	1,074,625	2,721	395
Vocational Evaluation	1,040,845	1,179	883
Attendant Care	966,126	145	6,663
PWAT	959,194	614	1,562
Drug & Alcohol Treatment.....	953,203	475	2,007
Transitional Employment	760,646	407	1,869
Computer Equipment	684,232	423	1,618
Psychotherapy.....	627,284	872	719
Diagnostic Medical	585,817	8,508	69
Fee Schedule Other than Listed	583,287	1,053	554
Books and Supplies.....	535,514	1,332	402
Dental	503,789	387	1,302
Driver Education/Training.....	415,548	828	502
Interpreters/Deaf Services	387,217	285	1,359
Durable Medical Equip/Supplies	361,093	330	1,094
Professional Consultation	338,979	647	524
On-the-Job Training	303,518	225	1,349
Adaptive Equipment.....	270,896	246	1,101
Tutoring.....	246,025	347	709
Room	226,061	221	1,023
Cognitive Retraining	223,534	191	1,170
Diagnostic Hearing Tests.....	200,093	2,051	98
Restoration Package	177,929	223	798
Physical Therapy	172,557	384	449
Occupational Therapy/Exercise Equipment	167,960	375	448
In-Patient Hospital.....	161,920	40	4,048
Surgery/Anesthesia	147,532	147	1,004
Out-Patient Hospital	136,621	97	1,408
Individual Living Skills Train/Evaluation.....	126,285	59	2,140
Speech Evaluation & Therapy	116,958	422	277

Appendix D (Continued)

<u>Type of Services Provided</u>	<u>Amount</u>	<u>Number of Customers</u>	<u>Avg. Cost Per Customer</u>
Visual Devices/Blind Services.....	116,745	647	180
Orthotics.....	101,138	231	438
Business Enterprise	97,442	21	4,640
Radiology (X-Rays)	83,789	148	566
Board	73,798	256	288
Lab Test/RX Drugs/Med. Supplies	66,172	296	224
Worksite Modifications.....	55,619	26	2,139
Physician/Nursing Services	34,966	361	97
General Medicals	<u>26,636</u>	<u>667</u>	<u>40</u>
Totals.....	\$59,229,446	51,573	\$1,148

Source: Developed by LB&FC staff from information obtained from OVR.

APPENDIX E
Average Caseloads Per Counselor
in OVR and BBVS

Bureau of Program Operations

<u>District Office</u>	<u>FFY</u> <u>1997</u>	<u>FFY</u> <u>1998</u>	<u>FFY</u> <u>1999</u>	<u>FFY</u> <u>2000</u>	<u>FFY</u> <u>2001</u>
Allentown.....	70	70	80	89	88
Altoona	108	113	123	122	114
Du Bois.....	126	127	126	123	104
Erie.....	108	111	119	117	113
Harrisburg	94	88	96	95	95
Johnstown.....	112	131	123	117	111
New Castle.....	121	123	140	140	143
Philadelphia.....	95	91	101	108	108
Pittsburgh.....	109	115	120	117	122
Reading	84	91	92	80	79
Rosemont	106	116	117	111	106
Washington.....	110	114	115	105	103
Wilkes Barre.....	94	100	103	96	90
Williamsport.....	99	104	107	95	92
York.....	116	120	125	117	118
State Average	104	108	113	110	108

Bureau of Blindness and Visual Services (BBVS)

<u>District Office</u>	<u>FFY</u> <u>2000</u>	<u>FFY</u> <u>2001</u>
Altoona	77	67
Erie	88	65
Harrisburg	58	55
Philadelphia.....	83	90
Pittsburgh	69	64
Wilkes Barre	100	73
State Average	78	70

Source: Developed by LB&FC staff using information obtained from the Pennsylvania OVR.

APPENDIX F

Study Questionnaire Response Rates

During the initial phase of the study (July/August 2001), LB&FC staff distributed a study questionnaire to the members of various boards, councils, and advisory committees associated with the Vocational Rehabilitation Program. Questionnaires were also sent to a random sample of OVR employees and to contact persons for 11 vocational rehabilitation constituent and stakeholder groups. These questionnaires were intended to give these individuals and groups an opportunity to provide input, comments, and suggestions in response to the study objectives.

Overall, a total of 154 questionnaires, or about one-third of the total number distributed were completed and returned. Response rates for each of the individual groups are shown below.

<u>Group Receiving Questionnaire</u>	<u>Number Sent</u>	<u>Number Returned</u>	<u>Response Rate</u>
OVR Employees	353	126	35.7%
Advisory Committee for the Blind.....	6	4	66.7
Multicultural Advisory Committee	17	3	17.6
Pennsylvania Rehabilitation Council.....	29	5	17.2
Governor's Committee on the Employment of People with Disabilities	23	3	13.0
Advisory Committee for Persons Who Are Deaf and Hard of Hearing.....	18	7	38.9
State Board of Vocational Rehabilitation	12	1	8.3
Other Stakeholder Groups ¹	<u>11</u>	<u>5</u>	<u>45.5</u>
Total.....	469	154	32.8%

¹Other stakeholder groups include: the State Independent Living Council; the Pennsylvania Social Services Union; the Pennsylvania Association of Rehabilitation Facilities; the Pennsylvania Initiative on Assistive Technology; the Pennsylvania Association of Individuals with Disabilities; the American Federation of State, County, and Municipal Employees; the Client Assistance Program; the Pennsylvania Association of the Blind; the Pennsylvania Chapter of the National Federation of the Blind; the Pennsylvania Industries for the Blind and Handicapped; and the Pennsylvania Council of the Blind.

Source: Developed by LB&FC staff.

APPENDIX G

Definition of Selected Key Terms

Competitive Employment. A subset of “Successful Employment.” Competitive employment is a job that pays at least minimum wage, offers medical and health benefits, and is a workplace that employs both non-disabled and disabled persons.

Federal/State Vocational Rehabilitation Program. The vocational rehabilitation program that is supported by federal funds and serves those individuals deemed “Most Significantly Disabled” per application of the “Order of Selection.” This program consumes the majority of funding for vocational rehabilitation and includes the following appropriations: Federal Basic Support, State Basic Support, Federal Supported Employment, State Supported Employment, Federal Independent Living, Social Security Funding, and Federal Training Grants.

Individualized Plan for Employment (IPE). The plan developed by the OVR counselor and the customer that outlines the individual’s employment goal and the services that will need to be provided in order for the goal to be achieved.

Most Significantly Disabled. Those individuals with physical, mental, or sensory impairments that seriously limit three or more of the following functional capacities: physical mobility, dexterity and coordination, physical tolerance, personal behaviors, ability to benefit from traditional learning methods, repeat hospitalizations, environmental interaction, and life planning. These individuals must be expected to require multiple vocational rehabilitation services over an extended period of time.

Non-Significantly Disabled. Those individuals with physical, mental, or sensory impairments that do not meet the definition of Most Significantly Disabled or Significantly Disabled.

Order of Selection. Criteria used for selecting those individuals who will receive services in the event vocational rehabilitation services cannot be provided to all individuals eligible for services. This criteria groups the VR customer into three categories and states that those individuals with Most Significant Disabilities are served first, individuals with Significant Disabilities are served second, and persons with Non-Significant Disabilities are served third.

Served Cases. A case is open for an individual as soon as an OVR Counselor makes initial contact with a prospective customer, and as soon as that individual has contact with an OVR Counselor, the person is referred to as “served.” A served case can be as minimal as a Counselor receiving a referral, telephoning that individual to discuss the Vocational Rehabilitation Program, and closing the case the same day because the individual is not interested in participating in the program. Most served cases, however involve the customer receiving services and working towards an employment outcome.

Significantly Disabled. Those individuals with physical, mental, or sensory impairments that seriously limit one or more of the following functional capacities: physical mobility, dexterity and coordination, physical tolerance, personal behaviors, ability to benefit from traditional learning methods, repeat hospitalizations, environmental interaction, and life planning. These individuals must be expected to require multiple vocational rehabilitation services over an extended period of time.

Appendix G (Continued)

State Vocational Rehabilitation Program. The vocational rehabilitation program that is supported by a General Fund line item and serves those individuals deemed “Significantly Disabled” and “Non-Significantly Disabled” per application of the “Order of Selection.”

Successful Employment. To obtain employment and maintain that job for 90 days upon completion of an individual’s IPE. This is also known as a “rehabilitated case.” Successful employment is made up of four categories: competitive employment, homemaker, sheltered employment, and other.

Waiting List. A listing of those persons in the State Vocational Rehabilitation Program who are eligible for services but are not yet receiving them.

Source: Developed by LB&FC staff from vocational rehabilitation program materials.

APPENDIX H

Pending State Legislation Relating to Vocational Rehabilitation

(As of May 13, 2002)

House Bill 1495: Creates the Pennsylvania Commission on Blindness and Visual Impairment and designates the Commission as the state vocational rehabilitation agency for the blind and visually impaired.

House Bill 2600: Directs the Bureau of Blind and Visual Services, along with other state agencies serving the disabled, to establish a Print Media Access System Program whereby print media access systems for persons who are blind or print disabled are distributed at no charge to the distributee.

Senate Bill 196: Relates to the delivery of services and programs to persons with disabilities; creates an Office of Disability Services in the Department of Public Welfare that is to coordinate nonduplicative services with the Office of Vocational Rehabilitation and other such service agencies.

Source: Developed by LB&FC staff from a review of pending legislation.

APPENDIX I

Department of Labor and Industry's Response to This Report



THE SECRETARY
1700 LABOR AND INDUSTRY BUILDING
SEVENTH AND FORSTER STREETS
HARRISBURG, PA 17120

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June 5, 2002

Philip Durgin, Executive Director
Legislative Budget and Finance Committee
Room 400 Finance Building
P.O. Box 8737
Harrisburg, PA 17105-8737

Dear Mr. Durgin:

Thank you for the opportunity to review and respond to the Legislative Budget and Finance Committee's report: "Funding and Service Delivery Levels in Pennsylvania's Vocational Rehabilitation Program." I would also like to thank you and your staff for your attention to detail; for your interest in making sure you understood our program; and for the exceptional professionalism your staff extended to us. Overall, we find the draft report to be thorough and reflective of our discussions and meetings with you.

We at the Department of Labor and Industry, and the Office of Vocational Rehabilitation (OVR) have taken a very serious approach in strengthening and solidifying our commitment to providing the highest quality services and programs to people with disabilities in Pennsylvania. Each year we continue to serve an increasing number of individuals, and we have done this during a time of decreasing resources and rising personnel and operational costs. We feel that is a testament to the innovation and dedication of OVR staff succeed in their goal to employ people with disabilities in Pennsylvania. It is the philosophy of OVR to promote the social, physical and economic independence that all Pennsylvanians deserve regardless of disability.

As noted in your report, OVR successfully rehabilitated 11,989 persons with disabilities in federal fiscal year 2001. This resulted in an estimated increase of \$46.4 million in taxes paid by these successfully employed individuals and a reduction of nearly \$20 million in public assistance and SSDI payments during that same time period. Very few government programs have a return on investment such as OVR. This study's findings, similar to those in the federal monitoring report, reflect the quality service OVR has provided to its customers and the taxpayers of this Commonwealth.

I am pleased to offer the following responses to each of the Recommendations made in the Committee's report. As a preface, it should be noted that the OVR is an agency within the Department of Labor & Industry and as such, is bound by the labor contracts, policies and procedures developed by the Department and the Commonwealth. It would

not be appropriate for the OVR to establish policies and guidelines contrary to those already established. The responses take those limitations into account.

RECOMMENDATION 1: The OVR should update and refine its data on the size and composition of the Vocational Rehabilitation Program's target population and on the specific service needs of disabled Pennsylvanians.

As soon as practicable, OVR should obtain and analyze the results of that portion of the 2000 U.S. Census dealing with Pennsylvanians with disabilities. The OVR should provide this information to the State Board of Vocational Rehabilitation, the Pennsylvania Rehabilitation Council, and other stakeholder groups.

After updating based on 2000 U.S. Census data, OVR officials should work collaboratively with the State Board of Vocational Rehabilitation and the Pennsylvania Rehabilitation Council to develop additional needs assessment instruments that will enable them to augment the updated Census information with other measures of individuals' needs for program services. The additional needs assessment instruments should:

- Be designed to determine the particular rehabilitation needs of individuals with disabilities residing within the state, particularly the vocational rehabilitation needs of individuals with the most significant disabilities, minorities, and the underserved; and
- Include an assessment of the need to establish, develop or improve community rehabilitation programs.

RESPONSE: The OVR currently obtains and analyzes the portion of the U.S. Census that targets Pennsylvanians with disabilities. The federal Rehabilitation Services Administration (RSA) has long recognized use of census data as acceptable. This process can be expedited now that the 2000 census data is available. Once agency updating is complete, the information will be distributed to appropriate stakeholder groups.

We will continue to work collaboratively with our stakeholder advisory groups and with representatives of community service providers to gather additional data and formulate strategies to assess the needs of Pennsylvanians with disabilities. In addition to the State Board of Vocational Rehabilitation, and the Pennsylvania Rehabilitation Council, the OVR has a number of advisory groups who assist in this process: Advisory Committee for the Deaf and Hard of Hearing; Advisory Committee for Persons who are Deaf and Hard of Hearing; the Advisory Committee for the Blind; the Multi-Cultural Advisory Committee; the Statewide Independent Living Council; the Governor's Committee for the Employment of People with Disabilities; and the Pennsylvania Association for Individuals with Disabilities. Further, a formal customer advisory committee advises each of OVR's district offices. Through the labor-management process, we continually receive input and work cooperatively with our labor partners. External to the agency and on a

community level, the OVR works with: Pennsylvania Association of Rehabilitation Facilities; the Pennsylvania Association for the Blind; and the Elected Committee of Blind Vendors.

RECOMMENDATION 2: The State Board of Vocational Rehabilitation, in conjunction with OVR staff, should consider taking the following actions to address identified administrative and operational issues:

RECOMMENDATION 2a. Develop written policies and guidelines related to OVR's budgeting process and spending priorities.

RESPONSE: In March of 1994, the State Board adopted the Order of Selection, which in essence established OVR's current spending priorities. Each year, the State Board of Vocational Rehabilitation reviews, updates and approves the program spending priorities through formal action on the State Plan and its Attachments. At all State Board meetings, the OVR provides regular financial reports for the Board's review and consideration.

RECOMMENDATION 2b. Formally establish and define the State Vocational Rehabilitation Program in regulations, or at a minimum, through written program guidelines and procedures.

RESPONSE: This program was first funded by the Pennsylvania legislature in 1999 as a pilot. At that time, written guidelines were developed in the form of internal policies and procedures. These were modified during the second and third years of this program to reflect both increases in funding from the General Assembly, and experience gained as the pilot progressed. It now appears that the State Program will continue to receive funding for the foreseeable future. The OVR will form a workgroup, including management and bargaining unit representatives, to refine program policies and guidelines. The OVR continually reviews all policies and procedures relating to the State VR program. These are updated, expanded and approved by the State Board.

RECOMMENDATION 2c. Clarify the issue of "waiting lists" for both the Federal/State Program and the State Program by establishing a uniform definition of the term and a requirement that OVR staff periodically report to the State Board on the number of persons on the waiting lists and the length of time they have been awaiting services.

RESPONSE: With respect to the Federal/State Program, the Rehabilitation Services Administration (RSA) defines a waiting list as those persons who are awaiting initial contact and/or the offer of services from the Designated State Unit. According to this definition, the OVR currently has no waiting list in existence. RSA also has established guidelines regarding the length of time persons should remain in Referral, Application, Acceptance and Plan Development statuses. OVR field staff assists customers through the VR process in compliance with these guidelines.

The RSA Standards and Indicators require that an individual progress from Application status to Acceptance within 60 days. The average time for an OVR customer moving through this process currently stands at 1.2 months, or 36 days. Since the establishment of the Order of Selection in 1994, the OVR has regularly exceeded the RSA standard for the timely delivery of Vocational Rehabilitation services.

The OVR utilized the term "Waiting List" for those individuals who are not Most Significantly Disabled as defined in the Order of Selection and therefore cannot be served under the Federal/State program due to lack of resources. It was for this population that the State Legislature established the State Program of Vocational Rehabilitation. The timelines for the State Program were modeled after the RSA standard.

We continue to apprise and update the State Board as to the timeliness of service provision in all program areas within the OVR.

RECOMMENDATION 2d: Develop written guidelines to govern the award and oversight of all job creation and other grants OVR makes to public and private agencies.

RESPONSE: In the awarding of all contracts and grants, the OVR follows the procedures established by the Legislature in the Procurement Code of 1998, (62 PACS Sec. 1711 et seq.). These procedures cover each stage of the contracting process, from the publication of Invitations to Bid in the Pennsylvania Bulletin to the public opening of sealed bids and contract award and compliance. Each contract that is awarded by the OVR is monitored regularly, using a uniform monitoring instrument, and a complete monitoring report is published.

Similarly, all Requests for Proposals (RFPs) are published in the Pennsylvania Bulletin; a public pre-submission conference is held; and, each proposal is reviewed and independently scored by a qualified panel. Grants are awarded accordingly. As above, each grant is thoroughly monitored regularly by the OVR, using a uniform monitoring process and a report is published.

RECOMMENDATION 2e: Evaluate the results to date of "alternative headquartering" of OVR field staff before authorizing further expansion of this method of district office operation;

RESPONSE: From the time of its inception in the Harrisburg District Office in May 2001, certain modifications have been made to make the Alternative Headquartering (AHQ) Pilot Project as effective as possible. Based on this experience, the pilot was expanded to include three additional district office locations. The AHQ in all four locations will be reviewed in December 2002. No expansion of the AHQ project will occur until the pilot has been fully and carefully reviewed and evaluated.

RECOMMENDATION 2f: Closely monitor OVR progress in implementing a plan to train existing counselor staff to meet new federal training standards as well as efforts to recruit new counselor staff to offset a projected rise in counselor retirements and separations from state service over the next five years;

RESPONSE: This recommendation addresses one of the most critical issues facing the OVR. We continue to seek alternative funding opportunities for current counselors who need further education to meet the Federal guidelines. Through a negotiated agreement with the Pennsylvania Social Services Union, we also permit staff to use Commonwealth computers and work time to pursue advanced degrees in Rehabilitation Counseling.

The OVR currently employs one fulltime person to handle staff recruitment. This individual along with a labor-management workgroup is developing a comprehensive recruitment program that will enable us to reach qualified rehabilitation professionals both within and outside Pennsylvania. Also, the OVR is working in partnership with universities in Pennsylvania and in other states to attract more individuals into the field of Vocational Rehabilitation.

RECOMMENDATION 2g: Seek federal training grants or other funding to assist in the counselor training plan and consider the feasibility of establishing a financial aid package or loan forgiveness program in order to attract recent master's degree graduates in rehabilitation to the Pennsylvania OVR.

RESPONSE: RSA continues to provide stipends for those pursuing advanced degrees in the field of Vocational Rehabilitation. The OVR and its staff have long taken advantage of this program and will continue to do so. The stipend program takes the place of a loan forgiveness program, which would be prohibited by the Rehabilitation Act of 1973 as amended (29 U.S.C. Sec. 701 et seq.). The Department is planning to submit a request for additional funding of \$200,000 in the 2003-4 State Budget to assist with the cost of training our existing staff.

RECOMMENDATION 3: **The OVR should reactivate its Information Technology Advisory Committee (ITAC) to ensure that the program has a viable advisory body for IT development and issues.**

RESPONSE: We agree. The ITAC is an important component in the development and evaluation of information technology issues. A new support person has been assigned to the Committee which now can meet regularly.

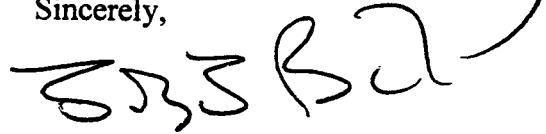
RECOMMENDATION 4: The OVR should consider expanding the process it uses to obtain customers' input and measure the degree of their satisfaction with Vocational Rehabilitation Program services.

RESPONSE: We agree that customer satisfaction surveys provide an invaluable vehicle for improving and strengthening the Vocational Rehabilitation Program. At such time as financial resources permit, the OVR will consider expanding its customer satisfaction process to include those individuals who do not achieve successful outcomes. At present, the OVR meets the RSA standards for customer satisfaction surveys. The OVR also conducts interim customer satisfaction surveys when a fee service is provided. This affords the customer another opportunity to comment on their satisfaction with the services and goods provided. The OVR, in partnership with the Pennsylvania Rehabilitation Council, is planning a joint customer satisfaction survey for 2003.

In addition, the OVR continues to follow the Department of Labor and Industry's Model Employer Initiative: L&I PRIDE. This initiative focuses on continuous improvement, employee empowerment and customer focus. Through this initiative, OVR works closely with the Department, and will continue to do so, to develop and enhance customer satisfaction feedback mechanisms.

Once again, I thank you for the professional and courteous manner in which your staff conducted this project and I appreciate the opportunity to respond to the Study and its Recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "JJ Butler", with a large, sweeping flourish extending from the end of the signature.

Johnny J. Butler,
Secretary

Cc: Stephen R. Nasuti, Executive Director, OVR