

oppaga

Progress Report

September 2003



Report No. 03-51

Agency Implements Recommendations to Improve Vocational Rehabilitation Services

at a glance

Subsequent to our previous report which found poor management by the Occupational Access and Opportunity Commission, the Legislature abolished the commission and transferred authority for the vocational rehabilitation program to the Department of Education.

The department is in the process of implementing our recommendations to assess performance and service capacity, and develop a plan that includes prioritizing any additional privatization initiatives according to need; include performance standards in contracts; and better communicate planned program changes with stakeholders.

Program performance has improved since the Department of Education assumed responsibility for the Vocational Rehabilitation program. While the total number of customers served has stayed relatively constant, key employment outcomes are improving.

Scope

In accordance with state law, this progress report informs the Legislature of the actions taken in response to the findings and recommendations included in our 2002 review of the Occupational Access and Opportunity

Commission and its oversight of the vocational rehabilitation program.^{1, 2}

Background

The vocational rehabilitation program provides individually tailored services and job training to people with disabilities who want to work. The program's goal is to enable its customers to maintain long-term employment and become self-sufficient. Under federal regulations, vocational rehabilitation programs must give priority to serving clients with the most significant disabilities.³

Vocational rehabilitation services have traditionally been delivered by a mix of state employees and private providers. Federal law requires that state employees must deliver certain client services, including determining a client's eligibility for program services, approving the services, and closing the client's case. In addition, state employees have traditionally provided other basic services, including client recruitment, intake, and case management. These services are provided through six area offices that supervise 24 service

¹ Section 11.45(7)(f), *F.S.*

² *Special Examination, Responsibilities Not Fulfilled by Occupational Access and Opportunity Commission; Program Performance Declines*, OPPAGA [Report No. 02-06](#), January 2002.

³ 34 *CFR* 361.35(a) and 361.36(a).

regions. The program's rehabilitation services such as medical treatment, counseling, and job training services are generally provided by private providers.

In 1999 the Legislature changed the vocational rehabilitation program's governance structure by creating the Occupational Access and Opportunity Commission to head the program with the directive to expand service capacity through the use of private providers.⁴ Prior to this change the Division of Vocational Rehabilitation in the Department of Labor and Employment Security delivered vocational rehabilitation services.

In Fiscal Year 2001-02, OPPAGA was directed by the Legislature to report on the commission's efforts to expand service capacity and whether it was sound public policy for the commission to continue to exist.

Program Funding

The Vocational Rehabilitation Program is funded through a state and federal matching agreement. The state contributes 21.3% of program funding while the federal government provides 78.7%, returning \$3.69 for every dollar expended. For state Fiscal Year 2003-04 the Legislature appropriated \$25,094,608 in general revenue and Florida is expected to receive \$75,441,409 in federal funds. The program was appropriated 916.50 full-time equivalent positions.

Prior Findings

The Occupational Access and Opportunity Commission performed poorly

Our 2002 review determined that the Occupational Access and Opportunity Commission had not effectively managed the Vocational Rehabilitation Program and that program outcomes had declined since the commission's creation. The commission had not met its goal of substantially increasing service capacity through the use of private rehabilitation providers. Instead, the commission had focused its efforts on privatizing basic services performed by state employees. While privatizing program

services may produce benefits, the commission's effort was not well planned or managed, which resulted in higher costs and a decline in program performance. Moreover, the federal government designated Florida as a high-risk grantee, due in part to concerns over the privatization effort.

We concluded that it would not be sound public policy to continue the commission. We recommended that the Legislature eliminate the Occupational Access and Opportunity Commission and that the Department of Education be given primary responsibility for administering the vocational rehabilitation program.

The commission's contract management efforts had serious flaws

Our prior review determined that the commission's privatization efforts had not been adequately planned. The commission did not plan or conduct any studies to determine areas in need of expanded capacity or whether it was feasible to pursue its goal of privatizing all program services. We recommended that program management identify weaknesses in the program's current service capacity by region, and develop a plan to prioritize additional privatization initiatives according to identified needs.

The commission's contracting methods were seriously flawed. It had entered into contracts in three regions as demonstration sites to determine the effectiveness of delivering basic services through private providers rather than state-employed counselors. Private providers were awarded large start-up funding with little documented basis for the awards. In addition, payment levels were not adjusted when it was determined that state employees would continue to provide many of the services. Finally, the contracts did not include adequate performance measures. The net effect of these contracting problems was an increase in service costs in these three regions with a decrease in accountability for program funds.

We recommended that program management include specific performance standards in all contracts for services and that a system be

⁴ Chapter 99-240, *Laws of Florida*.

developed to evaluate the cost benefit of its privatization contracts.

Current Status

The Occupational Access and Opportunity Commission was eliminated

The 2002 Legislature enacted Ch. 2002-22, *Laws of Florida*, which eliminated the Occupational Access and Opportunity Commission and gave program oversight to the Department of Education. The Department of Education took responsibility for the program in April 2002.

Program performance has improved

The program's performance in serving vocational rehabilitation clients has improved since the Department of Education assumed control of the program, reversing the decline experienced under the commission. As shown in Exhibit 1, the number of clients gainfully employed, those placed in competitive settings, and the number of significantly disabled customers gainfully employed for more than 90 days increased substantially in Fiscal Year 2002-03, after the department became responsible for program management. Although the program experienced a decline in the total number of clients reviewed for eligibility, the department believes this may have occurred due to self-screening by clients when it was better communicated to clients that the program served only clients with a goal of employment.

The federal government kept the program on its high risk status list for the 2002-03 federal fiscal year. The department submitted a corrective action plan, which was reviewed by the federal Rehabilitation Services Administration in March 2003 to determine whether the program corrected the deficiencies that caused it to be placed in this status. The program may be removed from high risk status beginning in the 2003-04 federal fiscal year.⁵

Department is addressing needs assessment and contracting weaknesses

The Department of Education completed a comprehensive needs assessment of the vocational rehabilitation program in December 2002.⁶ This needs assessment utilized existing data about program performance and used broad stakeholder input to identify the most important issues. Stakeholder groups included service providers, employers, clients, representatives of area workforce boards, the Florida Rehabilitation Council and vocational rehabilitation staff. Stakeholder groups were asked to set priorities for addressing gaps and to identify the causes and solutions to close these gaps.

⁵ The federal government has not indicated when it will render a decision on program status. However, program management believes they will receive an opinion when the program receives its 2003-04 grant.

⁶ *An Assessment of Program Performance and Service Capacity of the Division of Vocational Rehabilitation*, December 2002, Florida Department of Education.

Exhibit 1 Key Program Outcomes Are Returning to Previous Levels

	Department of Labor	Occupational Access and Opportunity Commission (October 1999 – April 2002)			Department of Education
	1998-99	1999-00	2000-01	2001-02	2002-03
Customers reviewed for eligibility	25,507	23,958	23,547	26,262	26,003
Percentage of eligibility determinations made within 60 days (federal law)	89.8%	89.4%	85.2%	72.1%	72.4%
Number of significantly disabled customers gainfully employed at least 90 days	8,075	7,929	6,888	6,593	7,641
Number of all other customers gainfully employed	1,437	2,004	1,859	1,986	2,346
Number of customers placed in competitive employment	9,262	9,690	8,510	8,459	9,912

Source: OPPAGA analysis, Department of Education analysis.

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The department used the information gained through the needs assessment process to develop a five-year strategic plan which was disseminated in April 2003. This plan identifies multiple strategies that will be used to address specific program priorities including the use of outsourcing when it is cost beneficial and expands service delivery, efficiency, and client choice.

We believe that the program should continue its efforts to identify gaps in providing program services and implement solutions to close those gaps. The program should continually measure its progress toward addressing identified weaknesses in service provision.

The department also has taken action to improve its provider contracts in the two areas that continue as privatization pilot projects.⁷ In May 2003, the department formed a team to evaluate the two remaining contracts and recommend changes and improvements.

⁷ Two of the three pilot privatization projects initiated by the Occupational Access and Opportunity Commission are still in operation. In October 2002, the vendor for the third project decided to discontinue its contract. Clients were transitioned back to the Division of Vocational Rehabilitation.

The team included both state employees and contractor employees. The team proposed a performance contracting system in which payments will be based on a system of performance measurement, and provider payments will be reduced by a predetermined per unit cost if pre-identified goals are not met. The department also is including performance measures in its contracts for employment services, supported employment and vocational evaluation.

The department also has developed and implemented a comprehensive contracting system which focuses on legal compliance, accountability and client outcomes and provides procedures for seven inter-related cycles in the contracting process including: planning and procurement; negotiations and final agreement; contract document and execution; contract management; contract monitoring; invoicing and payment; and closeout and termination. The manual that implements this system was recently presented to vocational rehabilitation agencies across the nation at the vocational rehabilitation financial management conference. We believe these are positive steps to address the contracting weaknesses identified in our prior report, and recommend that the program continue to evaluate its contracting system on a periodic basis and implement improvements as needed.

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