

Arizona Department of Economic Security Vocational Rehabilitation Services Program

CONCLUSION: The Arizona Department of Economic Security (Department) operates the State's Vocational Rehabilitation Services Program (Program), which is primarily funded by federal grant monies. The Program is responsible for assisting clients with a significant physical or mental impairment to prepare for and find work on a full- or part-time basis. However, the Department had a higher average rehabilitation cost and a lower rehabilitation rate than comparable agencies in other states. This high cost limits the number of eligible clients that the Department can serve. In addition, because the Program's goal is to help eligible clients obtain or retain competitive employment, it is also important for the Department to work toward increasing its rehabilitation rate. Therefore, the Department should enhance its program oversight, staff guidance, and supervisory and staff training to effectively manage program costs and clients' progress.

Program's goal is to assist clients find employment

The Program's goal is to help clients with disabilities obtain competitive integrated employment where they receive the same wages, benefits, and opportunities for advancement, and have the same interaction with customers as employees who are not disabled. Federal grant monies generally cover 78.7 percent of the costs of vocational rehabilitation programs, and the states cover the remaining costs. The Department's fiscal year 2017 program expenditures are estimated to total nearly \$137.9 million with administrative expenditures accounting for more than \$39.6 million of this amount. The Department's program counselors help each eligible client develop their own employment plan, which includes the types of rehabilitative services the client needs to achieve the employment goal. Services include educational, medical, and work assessments; job search and placement assistance; vocational and other training; and technological equipment or services, such as captioned videos or vehicle modifications. The Department can consider a client's ability to help pay for the cost of some services and must also determine the availability of "comparable benefits," which are services that can be paid for by other federal, state, or local public agencies; by health insurance; or by employee benefits.

Department should enhance processes for managing rehabilitation service costs and clients' progress

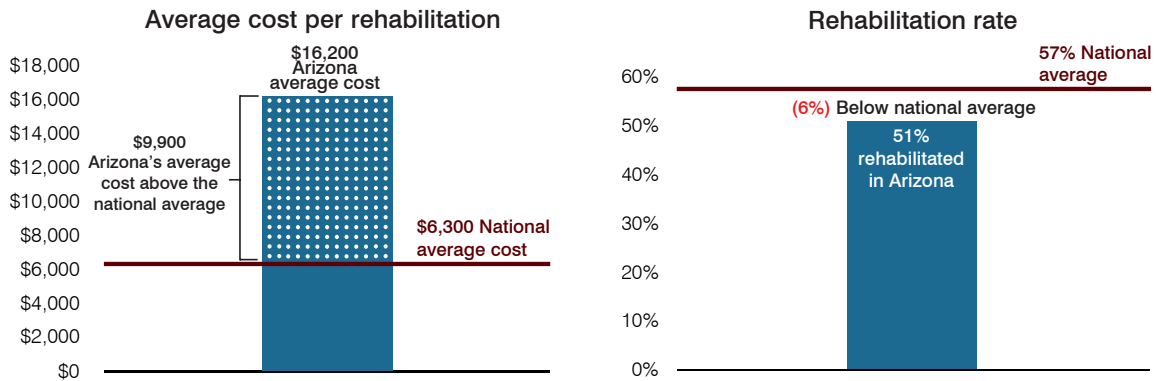
Arizona had higher rehabilitation cost and lower rehabilitation rate—In federal fiscal year 2015, of the 32 comparable agencies (agencies in other states and territories), Arizona's average cost per rehabilitation of approximately \$16,200 was more than 2.5 times the comparable agencies' average of approximately \$6,300. Guam had the next highest average cost per rehabilitation of approximately \$13,100.

Although not reported by the federal government, we also found that the Department had some higher-than-average costs for clients who exited the Program without an employment outcome. Specifically, our analysis of the 10,526 cases that the Department closed during federal fiscal years 2014 and 2015 found that 7,963 of these cases, or approximately 76 percent, left the Program without an employment outcome, including 197 clients who had program expenditures in excess of \$16,200.

Arizona's rehabilitation rate of 51 percent was also lower than the 32 comparable agencies' average of 57 percent in federal fiscal year 2015. Rehabilitation rates ranged from approximately 29 percent for the District of Columbia to 100 percent for American Samoa.

High program costs affect number of clients served—Because there are more eligible clients than the Department can serve, it prioritizes them on a waiting list—as required by the federal government—with the most significantly disabled served first. As of December 1, 2016, nearly 2,800 eligible clients were on the Program's waiting list. However, if Arizona's average cost per rehabilitation was the same as the national average for comparable agencies—approximately \$6,300—it could have paid for approximately 2,090 additional successfully rehabilitated cases in federal fiscal year 2015.

Comparison of Arizona's average cost per rehabilitation and rehabilitation rate against the national averages for combined program agencies Federal fiscal year 2015



Department lacks some oversight and training to effectively manage program costs and clients' progress—

Program counselors are authorized to approve up to \$25,000 in employment plan rehabilitation service costs per client, and supervisors can approve up to \$50,000 total. However, the counselor expenditure authorization level is too high to adequately control program costs. Instead of blanket authorizations, other states have limits on the types of services that staff can approve, such as a counselor approving a maximum of \$3,500 for dental restoration services. Similarly, the Department was developing a "service authorization threshold" guide for counselors in October 2016 that showed services by category and, as of November 2016, planned to develop similar guidance for its supervisors and managers. In addition, although federal law allows states to establish reasonable expenditure and time limits for clients to receive services, the Department has not established such limits.

The Department began to review some program data on case costs in August 2016, but it has not used its other data to analyze where program changes are needed, such as why cases close without an employment outcome or the length of time a client spends in the Program. Additionally, the Department does not provide any supervisory training for department program supervisors, such as trainings that would help with expenditure approvals, help staff meet program requirements, and ensure that client employment plans are well-developed.

Some staff guidance lacks details, and staff training is limited—

The Department's Vocational Rehabilitation (VR) manual has general information about using assessments to determine employment plan services to provide to clients, but the eligibility and employment plan development chapters lack guidance on the specific assessments to conduct for these activities. In addition, the VR manual does not have sufficient information about examples of potential comparable benefits that counselors should research or how counselors should document their search for comparable benefits. We identified a case where the Department spent nearly \$167,000 on services for a client who had private health insurance, but the client's file lacked documentation of the search for comparable benefits.

Further, the Department lacks adequate guidance and oversight for educational and vocational training. Other states require supervisory approval for a client to attend a 4-year university, have more guidance regarding monitoring progress for clients who are pursuing educational or vocational training, and have more guidance regarding the purchasing or leasing of textbooks, computers, and supplies.

Finally, although the Department has training materials for its program counselors, this training is being revised, some counselors have not received it, and the training material is not referenced in the VR manual.

Recommendations

The Department should:

- Continue efforts to establish lower expenditure authorization levels by service categories and move away from blanket authorization levels;
- Better monitor case costs and the time clients are in the Program;
- Revise its VR manual to improve guidance on assessments, comparable benefits, and educational and vocational training; and
- Develop and implement supervisory trainings and continue its efforts to revise staff trainings.