

State of New York
Office of the State Comptroller
Division of Management Audit

DEPARTMENT OF SOCIAL SERVICES

**COMMISSION FOR THE BLIND AND
VISUALLY HANDICAPPED
PERFORMANCE OF SELECTED
PROGRAMS**

REPORT 95-S-83



H. Carl McCall
Comptroller



State of New York Office of the State Comptroller

Division of Management Audit

Report 95-S-83

Mr. Brian J. Wing
Acting Commissioner
New York State Department of Social Services
40 North Pearl Street
Albany, NY 12243

Dear Mr. Wing:

The following is our report on the performance of vocational rehabilitation programs operated by the Commission for the Blind and Visually Handicapped.

We performed this audit pursuant to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution and Section 8, Article 2 of the State Finance Law. Major contributors to this report are listed in Appendix A.

Executive Summary

Department of Social Services Commission for the Blind and Visually Handicapped Performance of Selected Programs

Scope of Audit

The Department of Social Services' (Department) Commission for the Blind and Visually Handicapped (Commission) administers rehabilitation services for the State's legally blind citizens. Guided by the Federal Rehabilitation Act, the Commission's goals for vocational rehabilitation (VR) services include enabling clients to achieve educational goals, obtain meaningful jobs and live independently. The Commission provides VR employment services, which focus on job training or college enrollment, and VR homemaker services, which provide training in meal preparation and other skills needed for independent living. Both services are nearly 80 percent Federally funded. The Commission contracts with 18 providers statewide to deliver these services, and its eight district offices monitor contractor performance and perform case management duties.

During the fiscal year ended March 31, 1995, the Commission had 186 employees, and provided VR services to over 8,600 clients. During this period, the Department received Federal funds of over \$22.3 million to provide VR services, and State funds of about \$10.5 million for VR and other Commission services.

Our audit addressed the following question about the Commission's VR program for the two-year period ended August 31, 1995:

- ! Does the Commission ensure that its VR program functions effectively to deliver services that help clients obtain meaningful employment and live independently?

Audit Observations and Conclusions

We found that Commission adequately ensures that contractors deliver VR services. However, we believe the Commission should develop a means of determining the services' long-term effectiveness. Also, the Commission should revise the standards it uses to assess counselor case management performance.

In assessing the Commission's administration of the VR program, we examined how the Commission measured performance. For example, we reviewed program "outputs" (i.e., the services delivered by contractors and the case management activities performed by district office staff) as well as the Commission's efforts to measure program "outcomes." Performance indicators, which are widely used by both commercial and government organizations, allow an organization to systematically and objectively assess its performance.

To evaluate the Commission's means of ensuring services delivered, we visited the Albany, Syracuse and New York City district offices and reviewed 11 contracts for services to 100 clients. We found that district offices adequately monitored contractor performance and client progress. We also examined the indicators the Commission uses to measure its counselors' output related to case management tasks. We found that these indicators, called counselor milestones, are routinely surpassed; moreover, the New York City office calculates milestones differently from other offices. The Commission should update the milestones to make them realistic and develop uniform measures of case management productivity. (See pp. 4-5)

To help evaluate the results of operations, or program outcomes, the Commission conducted a consumer survey in September 1994. Clients indicated that they were generally satisfied with the quality and extent of VR services. However, we believe the Commission needs to improve the survey by including questions that elicit additional goal-oriented data, such as whether clients retain the skills they were taught and the jobs they obtained. By obtaining this kind of information, the Commission can assess the long-term effectiveness of program services, and make any necessary adjustments, to ensure clients receive the maximum benefit from VR services. (See p. 6)

Our audit also determined that New York's overall cost of service delivery compares favorably to that of similar programs in other states. However, we believe the Commission can derive economic benefits by comparing cost data with other states, and by helping clients and providers apply for alternate funding sources. (See pp. 7-9)

**Comments of
Department of
Social Services
Officials**

Department officials agree with our recommendations and indicate that actions are being taken to implement them.

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Appendix A	Major Contributors to This Report
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Appendix B	Comments of Department of Social Services Officials
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The comments of Agency Officials are not available in an electronic format. Please contact our Office if you would like us to mail you a copy of the report that contains their comments.

Introduction

Background

The Department of Social Services' (Department) Commission for the Blind and Visually Handicapped (Commission) is responsible for the administration of rehabilitation services for the State's legally blind citizens. In compliance with the Federal Rehabilitation Act of 1973, as amended in 1992, the Commission is responsible for providing services that enable clients to achieve educational goals, obtain meaningful employment and live independently.

The Commission administers vocational rehabilitation (VR) services, which are nearly 80 percent Federally funded. Through VR employment services, clients can obtain necessary training for a variety of jobs, or enroll in college programs; VR homemaker services provide training in meal preparation, clothing care and other tasks to enable clients to live independently at home. The Commission contracts with 18 providers statewide to deliver VR employment and homemaker services. The Commission's eight district offices are required to ensure that clients receive these services. Further, the district offices are responsible for monitoring clients' progress (case management) and overseeing contractors' performance.

The Commission also provides eligible clients (legally blind) with non-VR services related to daily living skills. These services are funded entirely by the State. The Commission also oversees the blind vendor stands that are sponsored by the Business Enterprise Program.

During the fiscal year ended March 31, 1995, the Commission had a total of 186 employees, and provided VR services to over 8,600 clients. During the same period, the Department received over \$22.3 million in Federal funds for VR services, and about \$10.5 million from the State (for both VR and non-VR services). During this period, the Commission spent \$12.9 million for contracted VR services, \$10.3 million for total personal service costs and \$9.6 million for case service costs and other non-personal service costs.

Audit Scope, Objectives and Methodology

We audited selected aspects of the Commission's VR program for the two-year period ended August 31, 1995. The objective of our performance audit was to determine whether the Commission's administration of this program is adequate to ensure that service delivery meets the Act's goals of enhancing clients' abilities to obtain meaningful employment and live independently. This audit did not examine the delivery of non-VR services or the operation of the Business Enterprise Program.

To accomplish our objectives, we reviewed operations at the Commission's central office and at the New York City, Albany and Syracuse district offices. At these locations, we reviewed the Commission's practices and procedures for monitoring contractors' performance, counselors' performance, and the

maximization of Federal funding. We also compared the Commission's VR program costs to costs of programs for the legally blind operated by the states of Michigan, Minnesota, Massachusetts, New Jersey and Vermont. Commission officials agreed that these states had VR programs similar to New York's program.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations of the Commission which are included within our audit scope. Further, these standards require that we understand the Commission's internal control structure and compliance with those laws, rules and regulations that are relevant to our audit scope. An audit includes examining, on test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments and decisions made by management. We believe our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk-based audit approach to select activities for audit. We therefore focus our audit efforts on those activities we have identified through a preliminary survey as having the greatest possibility for needing improvement. Consequently, by design, we use finite audit resources to identify where and how improvements can be made. We devote little audit effort to reviewing operations that may be relatively efficient and effective. As a result, we prepare our audit reports on "an exception basis." This audit report, therefore, highlights those areas needing improvement and does not address those activities that may be functioning properly.

Response of Department Officials to Audit

Draft copies of this report were provided to Department officials for review and comment. Their comments have been considered in pre-paring this this report and are included as Appendix B.

In addition to the matters discussed in this report, we have provided Department officials with detailed comments concerning other matters of lesser significance. Although these matters are of lesser significance, our recommendations relating to those matters should be implemented to improve controls.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Department of Social Services shall report to the Governor, the State Comptroller and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

Providing Rehabilitation Services for the Legally Blind

The Commission administers VR services to help New York's legally blind obtain meaningful jobs and live independently. In assessing VR program performance, we examined relevant indicators, such as program "outputs" (i.e., both the contractors' program service delivery and district office case management activities), and the Commission's efforts to measure program "outcomes." The use of performance indicators allows an organization to systematically and objectively assess its performance. Such indicators are widely used by both commercial and government organizations and are recommended by the Governmental Accounting Standards Board and the Federal government.

In evaluating output data, we found that the Commission does ensure that contractors deliver program services, but uses standards which need revision to measure counselors' case management efficiency. Regarding program outcomes, we believe the Commission needs to improve its assurance that the program is achieving its goals by developing and reporting performance indicators to gauge the long-term effectiveness of VR services.

Our audit also determined that New York's costs of delivering VR services compare favorably to those of similar programs in other states. However, we believe the Commission may derive economic benefits by comparing cost data with other states, and by helping providers and clients apply for alternative funding sources.

Output Measures

The Commission has contracted VR employment services and homemaker services to 18 not-for-profit agencies throughout the State. These contracts amounted to about \$5 million for the year ended September 30, 1994. District offices are responsible for monitoring contractor performance to ensure that services are delivered and that clients successfully complete training programs. The Commission requires that contractors evaluate client progress while in training and also test to determine whether clients met training tasks and objectives after the training has been completed.

We visited the New York City, Syracuse and Albany district offices and reviewed records to determine whether contractors complied with Commission requirements for service delivery. We reviewed contract deliverables, including clients' registration in programs and evidence of clients' progress and completion of the training. We also sought to determine whether these district offices monitored contractor performance and client progress towards their objectives. We examined the deliverables (program outputs) for 11 contracts and reviewed case files for 100 clients. We found that the contractors we

tested delivered the services to the clients according to Commission requirements, and that the district offices adequately monitored contractor performance and client progress. We also found that the Commission uses a performance indicator called “counselor milestones” to measure outputs related to case management activities. Originally developed by the Commission in October 1985, these milestones are based on input from district office managers, regional coordinators, the Commission Director, counselor input and historical data. However, our audit showed that these milestones need to be re-evaluated to provide the Commission with a reasonable basis to assess counselor performance.

We reviewed reported statistics related to cases activated and cases closed by counselors at the Albany, Syracuse and New York City district offices, and compared their achievements to counselor milestones for these tasks.

TABLE 1

Milestone Per Counselor	Albany District	Syracuse District
Activations Planned	175	128
Actual Activations	352	226
Percent Accomplished	201%	177%
Closures Planned	99	92
Actual Closures	164	244
Percent Accomplished	165%	265%

As shown in Table 1, counselors at the Albany and Syracuse district offices substantially exceeded their expected performance levels. The Commission has not revised these milestones since 1991.

We noted that the counselors working at the New York City office also reported that they significantly exceeded the milestones. However, the New York City office calculates its milestones as a standard for officewide performance, not for individual counselors. Further, the New York City office has counselors assigned to homemaker cases and other counselors assigned to competitive employment cases; in other districts, the same counselors handle both types of cases. Therefore, the Commission cannot compare counselor performance in New York City to that of other districts in the State. Milestones for the New York City office were last revised in 1993.

We believe that the milestones should be re-evaluated to provide the Commission managers with a more realistic basis for evaluating counselor performance. Managers at these district offices and a central office official

agreed that counselor milestones need revision, since they are easily met. In addition, the Commission should develop a means of comparing the efficiency of counselor case management activities in districts statewide.

Effectiveness Indicators

In addition to determining that VR services are delivered as contracted and that case management is efficient, the Commission should also ensure that the services provided are effective for the clients who receive them. For this program, measures of effectiveness would likely include the extent that clients have achieved their educational goals, obtained meaningful employment, and are living independently. The Commission has taken steps to measure one aspect of VR service effectiveness by conducting a client satisfaction survey in September 1994. The satisfaction survey shows that clients are generally satisfied with the extent and quality of the services received from contractors. We also reviewed the Commission's methodology for conducting the survey and found it to be reasonable.

However, the survey needs to be improved by eliciting data necessary for the Commission to determine the overall effectiveness of the service delivery to clients. For example, the Commission could find out if the clients' standard of living or ability to live more independently improved because of the services provided. By obtaining this additional information, the Commission can assess whether clients are substantially better off after receiving services. Such outcome-oriented data could allow the Commission to determine whether job training participants continued to be employed, whether clients have retained the skills they were taught and whether they believe the programs have improved their lives. Outcome-oriented data would allow the Commission to assess the long-term impacts of program services and adjust those services, where necessary to maximize their effectiveness.

Program Efficiency Relative to Other States

Since the relative efficiency of VR service delivery is another measure of program performance, we compared New York's VR program costs to program costs reported by Massachusetts, Michigan, Minnesota, New Jersey and Vermont. According to Commission officials, these states have VR programs similar to New York's. All these states (including New York) are required to maintain and submit the same administrative and program cost reports to the United States Department of Education Rehabilitation Services Administration (RSA). The analysis in this report is based on VR program cost reports for the 1993-94 Federal fiscal year provided to us by RSA.

As shown in Table 2, New York's program costs on a per client basis compare favorably to the program costs of the other states we reviewed. (Assessment of program performance needs to be based on a comprehensive set of performance indicators that include both effectiveness indicators and efficiency indicators. As previously noted in this report, effectiveness-related data was not available. Accordingly, we caution that overall judgements concerning this programs' performance not be made solely on the basis of the efficiency indicators presented in this section of the report.)

TABLE 2

State	Total Cost			Direct Costs		Indirect Costs		Administrative Costs	
	Amount	Total Clients Served	Cost Per Client	Amount	Cost Per Client	Amount	Costs Per Client	Amount	Costs Per Client
New York	\$23,872,280	8,575	\$2,784	\$13,498,672	\$1,574	\$7,102,707	\$828	\$3,270,901	\$381
New Jersey	\$9,474,941	2,263	\$4,187	\$4,245,516	\$1,876	\$3,334,581	\$1,474	\$1,894,844	\$837
Michigan	\$10,692,721	3,191	\$3,351	\$5,811,624	\$1,821	\$2,523,865	\$791	\$2,357,232	\$739
Minnesota	\$8,941,234	2,116	\$4,226	\$3,050,813	\$1,442	\$4,840,361	\$2,288	\$1,050,060	\$496
Massachusetts	\$9,364,911	4,077	\$2,297	\$1,510,880	\$370	\$4,415,946	\$1,083	\$3,438,085	\$843
Vermont	\$1,085,469	439	\$2,473	\$526,494	\$1,199	\$366,974	\$836	\$192,001	\$437

- Total Costs - Include those direct, indirect and administrative costs reported by the states.
- Direct Costs - Include expenditures such as equipment, tuition, instructor salaries, etc. directly related to the client's program
- Indirect Costs - Include expenditures for case management and ancillary services such as counseling and transportation.
- Administrative Costs - Include expenditures for central office personal service and non-personal service costs.
- Total Clients Served - Include those individuals who participated in the VR program during the federal fiscal year ended September 30, 1994.

The data that Table 2 provides is useful data for analysis. For example the data shows that:

- ! New York served 8,575 clients, more than twice as many clients as are served in the next largest program (Massachusetts) which had 4,077 clients.
- ! New York's per client costs of \$2,784 were 15 percent less than the average cost per client of the comparison states (\$3,273).
- ! New York's total direct costs per client were higher than similar costs reported by Massachusetts, Minnesota and Vermont. In addition, New York channeled 56.5 percent of its total cost to direct services, the highest of any State in our analysis.

New York had the lowest administrative costs per client of all of the states sampled. New York also compared favorably to the other states when we analyzed the percentage of administrative and service costs to total program costs. As shown in Table 3, New York's percentage of administrative cost was lower than all other states in our comparison except Minnesota.

TABLE 3

State	Percentage of Administrative Costs to Total Program Costs
New York	14%
New Jersey	20%
Michigan	22%
Minnesota	12%
Massachusetts	37%
Vermont	18%
Other States' Average	22%

We also analyzed service costs within the program's seven categories of direct service, as shown in Table 4. New York State's cost per client for physical and mental restoration was \$331. The average of the comparison states' costs for this service was \$1,500, or \$1,169 more than New York State's cost. However, New York's cost per client for all other training was \$3,309, or \$673 more than the other states' per client average of \$2,636.

TABLE 4

Categories of Direct Services	Average Cost Per Client for the Comparison States	NY Cost Per Client	Difference
Physical and mental restoration	\$2,368	\$331	\$(2,037)
Post employment	1,177	540	(577)
Diagnosis and evaluation	279	215	(64)
Transportation	373	369	(4)
Maintenance	1,427	1,752	325
All other training	2,585	3,309	724
Post Secondary Education	2,378	3,102	724

There were four categories in our comparison where New York's cost per client was lower than the comparison states and three categories where New York's cost per client was higher.

Numerous factors may impact the program costs of these states. These include the characteristics of the blind populations of each state, the agency's ability to locate and service the blind population and certain variables that can affect the performance of counselors and contractors (e.g., employee salaries, employee turnover, differences in employees' processes and procedures and employer size and location). In those areas where New York's direct costs are greater, the Department needs to obtain relevant data from the comparison states to determine whether New York can reduce its costs.

Access to Additional Funding Sources

Existing Federal and State funding provides for VR training, education and other services for individuals who are legally blind. However, additional Federal funds are available to state-administered programs, not-for-profit agencies and individuals. Private grant monies are also available to these agencies, as well as to individuals to assist them in meeting their physical challenges.

As much as \$150 million in additional Federal funds and private grants is available for agencies to use to supplement programs in place. Examples of such Federal sources are Rehabilitation Services-Projects, Post-secondary Education Programs for Persons with Disabilities, and the Special Education Grant; the J.M. McDonald Grants Program is a source of private grants. The Commission should actively encourage not-for-profit agencies to pursue such funds to help supplement their State appropriated funds.

There are also grants and scholarships available to individuals from sources such as the Ezra Davis Memorial Scholarship and the Mary P. Oenslager Achievement Awards. The Commission should actively promote client application for these awards. Securing additional funds from such alternate sources could allow the Commission to extend the use of its State appropriated funds to provide more services to more clients.

Recommendations

1. Establish outcome measures related to the goals of the program, e.g., the extent that clients have achieved their educational goals, obtained meaningful employment and are living independently.
2. Review the reasonableness and adequacy of existing counselor milestones and develop consistent milestones as deemed appropriate.
3. Obtain from other states relevant and comparable programmatic and outcome data. Use this data to identify areas of cost effectiveness, and causes for differences in program operations or for areas of improvement.
4. Encourage, advocate for and assist clients and not-for-profit agencies in the application for available funds and grants.

Major Contributors to This Report

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