

Legislative Oversight Committee

Summary Report on

South Carolina Vocational Rehabilitation Department

September 2019



The South Carolina Vocational Rehabilitation Department's (SCVRD) mission is to assist eligible South Carolinians with disabilities to achieve and maintain competitive employment. The department is governed by a board of seven members consisting of one from each congressional district. The agency employs 1,138 employees and has a budget of \$162 million consisting primarily of federal funds and \$15.9 million in general funds. In 2017, SCVRD terminated a memorandum of understanding with a non-profit corporation it created in 2005. This corporation was dissolved and transferred all of its assets to a private foundation which is affiliated with the agency. The agency should develop a written affiliation agreement with the foundation and establish policies and procedures to clarify the interaction between the agency, its employees, and the foundation. The Client Assistance Program (CAP) responsible for administering complaints was recently transferred to South Carolina Protection and Advocacy for People with Disabilities, Inc. SCVRD will begin developing a state funded equine program focusing on veterans with post-traumatic stress disorder.

Agency at a Glance

According to the agency, its mission is to prepare and assist eligible South Carolinians with disabilities to achieve and maintain competitive employment. SCVRD is governed by a board of seven members consisting of one member from each congressional district. The Governor, with advice and consent of the Senate, appoints the members who serve seven year terms. Currently, there is one vacancy on the board and two members are serving with expired terms.

SCVRD operates three primary programs around the state: Client Services and Business Services from 25 area offices and Disability Determination Services (DDS) from three regional offices. The agency has a dual customer approach by helping people with disabilities become and stay competitively employed and helping businesses find and keep talent. The agency serves individuals who have physical and/or mental impairments that substantially impede employment, including more than 130 different types of medical, physical, or psychiatric disabilities. To begin the process, a client's strengths, abilities, and interests are evaluated to determine the types of jobs the individual is best suited for. Disability management is based on an individual's circumstances but could include services such as physical or occupational therapy or the diagnosis and treatment of mental or emotional disorders like substance abuse. Training to enhance and increase professional skills can be provided and, depending on an individual's needs, may include job tryouts, internships, or assistance with post-secondary training through vocational or technical schools, colleges, or universities.



Vocational rehabilitation services are provided through a state-federal match program funded and regulated by the United States Department of Education's Rehabilitation Services Administration (RSA). The match is approximately 79% federal and 21% state. SCVRD's base state funding for state FY 17-18 was \$15.9 million.

In November 2016, the agency's substance abuse treatment center in Greenville, the Holmesview Center, was destroyed by fire. According to a report of the Greenville County Sheriff's Office, "the cause of the fire was the result of carelessly discarded cigarettes." SCVRD received \$5.4 million from the Insurance Reserve Fund (IRF) for the loss of the building and contents.

ALLIED Opportunities, Inc.

In 2005, SCVRD created ALLIED Opportunities, Inc. (ALLIED) as a non-profit corporation to serve as a community rehabilitation program (CRP) for the agency, which was allowed under federal law. A focus on placing VR clients into integrated work settings began around 2001, and clients could no longer work in extended employment within the VR program. However, clients hired by the CRP were considered to have achieved a successful employment outcome. In 2009, ALLIED became a sole source vendor under the state's procurement system with the stated purpose of procuring labor from a targeted group of former Vocational Rehabilitation clients who could work, but not maintain competitive employment. In August 2012, SCVRD and ALLIED entered into a memorandum of understanding (MOU) effective for five years, where ALLIED would support staffing services in all SCVRD work training centers. This MOU allowed ALLIED to partner with other organizations to provide similar employment services.

In January 2017, the State Inspector General (SIG) initiated a review of SCVRD based on a credible complaint of mismanagement and misconduct within the agency. Regarding the misconduct matter, the SIG concluded that SCVRD acted properly. However, the SIG found problems with the hiring of several employees by ALLIED. SCVRD notified ALLIED in January 2017 that it would be terminating the memorandum of understanding between the parties effective April 25, 2017. According to records maintained at the South Carolina Secretary of State's office, ALLIED Opportunities, Inc. was dissolved as of December 27, 2017. The assets of ALLIED were transferred to The Foundation for Independence Through Employment, Inc., which is a private foundation affiliated with SCVRD.

Agency Recommendations:

- **SCVRD should develop a written affiliation agreement with The Foundation for Independence Through Employment to establish the purpose and scope of the relationship between the parties.**
- **SCVRD should establish written policies and procedures to clarify the interaction between the agency, its employees, and The Foundation for Independence Through Employment, and communicate those policies and procedures to all affected employees.**
- **SCVRD management should inform the agency's board of the affiliation between SCVRD and The Foundation for Independence through Employment and update the board on any changes to that relationship, as necessary.**

Equine Program for Treating Post-Traumatic Stress Disorder

Under proviso 118.15 in the FY 18-19 appropriations act, SCVRD was appropriated \$500,000 in nonrecurring general funds to "be used by the department to develop an equine therapy program with an emphasis on serving veterans with Post-Traumatic Stress Disorder." According to an official with SCVRD, the agency is in the early stages of developing a request for proposals to begin operating the equine therapy program. This program will be operated using only the nonrecurring general funds appropriated under proviso 118.15 and no federal funds will be used.

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I. Agency at a Glance

Mission

According to the agency, its mission is to prepare and assist eligible South Carolinians with disabilities to achieve and maintain competitive employment.

Governing Authority:

The South Carolina Vocational Rehabilitation Department is governed by a board of seven members consisting of one member from each congressional district. The Governor, with advice and consent of the Senate, appoints the members who serve seven year terms. According to section 43-31-40, the terms of office must always remain staggered so that the term of one member expires every year. Currently, there is one vacancy on the board, and two members are serving with expired terms. The members are shown in the table below.

Position	Position Title	Current Members	Appointed By	Appointed Date	Expiration Date
1st Congressional District	Member	Banks, Ira L.	Governor Nikki R. Haley	6/17/2015	3/15/2018
2nd Congressional District	Member	Presha, Rhonda J.	Governor Nikki R. Haley	3/6/2015	6/30/2022
3rd Congressional District	Member	Evatt, Timothy W.	Governor Nikki R. Haley	6/17/2015	5/15/2017
4th Congressional District	Member	Breland, Roxzanne B.	Governor Nikki R. Haley	5/23/2014	5/15/2021

5th Congressional District	Member	VACANT			
6th Congressional District	Member	Beard, Lori Bell	Governor Henry McMaster	3/14/2018	3/15/2023
7th Congressional District	Member	Thomas, Joseph A.	Governor Nikki R. Haley	6/18/2015	3/15/2020

H.4093 was signed by the Governor on May 18, 2018, which establishes the Employment First Study Committee. This committee will consist of six members, appointed by the Governor, Lieutenant Governor, and members of the General Assembly, who will evaluate the need for an Employment First Initiative Act which would establish policies supportive of competitive and integrated employment of individuals with disabilities and create related responsibilities for state agencies and political subdivisions of the State. This committee will present a report of its findings and recommendations to the Governor and the General Assembly on or before May 1, 2019.

Operations/Programs

SCVRD operates three primary programs around the state: Client Services and Business Services from 25 area offices and Disability Determination Services (DDS) from three regional offices. The DDS program is charged with processing Social Security Disability (SSDI) and Supplemental Security Income (SSI) claims for the Social Security Administration (SSA). Adults and children who meet the eligibility requirements under the Social Security Act can file for disability. If the Social Security office determines that an individual is eligible to apply for disability, the disability application is completed and the claim is forwarded to SCVRD Disability Determination Services.

All claims are processed using the rules and regulations from the Social Security Act. An examiner is responsible for the development and adjudication of each claim, using medical records from all of the treating sources that an individual has seen over the last 12 months. In addition to medical records, the examiner obtains a vocational history of all jobs that the individual has performed over the last 15 years. Once sufficient evidence is obtained, a medical consultant reviews the claim. A medical consultant is a physician, psychologist, psychiatrist, or pediatrician who reviews claims to determine the medical severity of an individual's impairment and to determine the functional limitations imposed by the impairment.

In addition to the federal workload, disability claims for the South Carolina Retirement Systems (PEBA), Medicaid claims for the Department of Health and Human Services, and Homestead Exemption Disability claims for the Comptroller General's Office are also processed by DDS. According to SCVRD, the initial quality assurance accuracy rates for the DDS program were 95.9% for FY 16-17 and 98.6% for FY 17-18, both above the regional and national average. Our review did not include the operations of the DDS program since the SSA's Office of Quality Review audits claims at case closure to ensure that the evidentiary record supports the decision.

Regarding Client Services and Business Services, SCVRD has a dual customer approach. Its mission is to help people with disabilities become and stay competitively employed, and to help businesses find and keep talent. Services are customized based on each individual's needs. Each client has an Individualized Plan for Employment (IPE), which is agreed upon by the client and vocational rehabilitation (VR) counselor. The agency serves individuals who have physical and/or mental impairments that substantially impede employment, including more

than 130 different types of medical, physical, or psychiatric disabilities. Also included are hidden disabilities like ADHD, diabetes, emotional disorders, and brain injuries. The individual must be able to benefit from VR services that lead to gainful employment and must be determined eligible for services from the agency. The operations of Client Services and Business Services are discussed below.

Client Services

Assessment is the first step and includes an evaluation of the client's strengths, abilities, interests, and the types of jobs that the individual is best suited for. This process identifies a specific vocational goal and the services needed to help achieve it. The client may be referred for comprehensive evaluation services for a more in-depth assessment, if needed, but most assessments are done in the local office.

Disability management is based on an individual's circumstances, but could include such services as speech, hearing, physical, occupational, muscular, or aquatic therapy. Other services could include:

- Diagnosis and treatment for mental or emotional disorders like substance abuse
- Prosthetics, orthotics, podiatry or dentistry
- Rehabilitation technology, such as worksite assessment, assistive devices, technological adaptations, and aids for daily living.

Training to enhance and increase professional skills, including:

- Classroom instruction and hands-on training
- Business or information technology training
- Community based training, such as job tryouts, internships, or on-the-job training
- Post-secondary training through vocational or technical schools, colleges, or universities

Job search to help the client identify and secure competitive integrated employment. In some cases, the client may receive on-site job coaching to help get started on the job.

Follow-up, post-employment, and job retention services help once the client is hired, or if the individual's job is jeopardized because of disability-related factors.

Business Services

• *Job matching*

So that SCVRD can help provide businesses with well-matched qualified candidates, it employs more than 20 business development specialists who serve businesses around the state and work to understand their workforce needs.

• *Training*

The department operates 25 work training centers throughout the state where clients receive demand-driven and soft skills training. Training is enhanced by partnerships with over 400 businesses statewide, giving these companies an outsource resource, and helping clients gain valuable, real work experience.

• *Rehabilitation Technology*

This service allows individuals to overcome barriers that may exist at home, at school, or in the workplace. Some are simple solutions, like changing the height of a desk, while other solutions are more complicated, like modifying a workstation in a manufacturing environment.

• *Job Retention Services*

These services assist businesses in retaining employees who need help due to a disability which is jeopardizing their employment. Impairments include anxiety, depression, alcohol or other substance abuse, or physical disabilities. These services help minimize problems interfering with job performance. SCVRD also operates a 4-week residential substance abuse treatment center that focuses on helping individuals confront an addiction and replace it with a rewarding lifestyle.

SCVRD Locations

SCVRD has 25 area offices to serve clients, and operates 25 work training centers around the state which provide job readiness training for clients and outsourcing for more than 400 business and industry partners. The agency owns 81 buildings, which were built between 1965 and 2017, and leases 18 facilities. According to SCVRD's FY 16-17 accountability report, many of the agency's facilities are more than 30 years old and are in need of repairs to continue to safely serve agency clients. Recently, a work training center was added to the Bryant Center in Lyman, and the Palmetto Center was opened in Florence, which is a residential substance abuse treatment facility.

Fire Destroyed Holmesview Center in 2016

In November 2016, the agency's substance abuse treatment center in Greenville, the Holmesview Center, was destroyed by fire. According to a report of the Greenville County Sheriff's Office, "the cause of the fire was the result of carelessly discarded cigarettes." SCVRD received \$5.4 million from the Insurance Reserve Fund (IRF) for the loss of the building and contents. The agency may rebuild the Holmesview Center with plans similar to those of the recently built Palmetto Center in Florence using the insurance proceeds. However, the Palmetto Center is larger than Holmesview, and the estimated cost is \$11.6 million. Therefore, plans to rebuild have been put on hold until assessments can be made as to the availability of additional funds or the possibility of scaling back the size of the facility. The insurance proceeds are being held pending a final decision. In its FY 18-19 budget request, the agency requested and was granted a proviso that would allow it to establish an interest bearing fund with the State Treasurer to deposit funds appropriated for the purpose of deferred maintenance, capital projects, and ordinary repair and maintenance.

Finance:

Vocational rehabilitation services are provided through a state-federal match program funded and regulated by the United States Department of Education's Rehabilitation Services Administration (RSA). The match is approximately 79% federal and 21% state. SCVRD's base state funding for state FY 17-18 was \$15.9 million. The table below shows SCVRD's revenues and expenditures by fund for the last two fiscal years.

	FY 15-16		FY 16-17	
	Revenues	Expenditures	Revenues	Expenditures
	\$	\$	\$	\$
General Fund	14,883,780	14,883,780	15,852,800	15,852,800
General Revenue (IDC)	972,564	-	2,176,701	-
Other Funds	21,726,982	23,329,323	22,419,778	27,379,307
Federal Funds:				
Basic Support	60,787,480	57,868,857	68,885,943	61,604,719
DDS	43,972,266	44,097,056	46,528,896	45,664,740
Other Grants	656,275	692,538	470,644	454,686
Capital Projects	-	3,184,443	5,286,445	8,303,964
Total Federal Funds	105,416,021	105,842,894	121,171,928	116,028,109
Total	142,999,347	144,055,997	161,621,207	159,260,216

Budget Request

In its FY 18-19 budget request, SCVRD requested \$426,000 in recurring general funds to provide pre-employment transition services to assist students with disabilities in making the transition from secondary school to postsecondary education/training programs and competitive integrated employment as well as to provide services for the agency’s general client population. These funds were appropriated and are eligible for approximately \$1.6 million of matching federal funds. In addition, the agency requested \$900,000 in non-recurring general funds to purchase up to 1,000 new computers so that upgrades to the current operating system could be made to help protect the agency’s computers from viruses that can endanger clients’ personal information. Funding for new computers was not appropriated in the FY 18-19 budget, but nonrecurring funds of \$500,000 to establish an equine post-traumatic stress disorder (PTSD) program were granted through proviso 118.15.

Staffing

As of February 2018, SCVRD had 1,371.58 authorized FTEs and 1,138.25 of those were filled. The Disability Determination Services unit employed approximately 340 of those employees, with the remaining employees in VR-related programs. In addition, the agency had 277 temporary employees and 5 time-limited employees. The agency uses temporary employees in a variety of positions including truck drivers, clerks, and assistants in the job training centers. According to an agency official, if a temporary employee averages 30 hours or more per week over a 12-month period, SCVRD will offer benefits to that employee. The time-limited positions are related to a mental health contract and to a veterans’ affairs contract which seeks to enhance the referral process and increase outreach for veterans.

Succession Planning

SCVRD is phasing out a leadership program in place for a number of years which provided employee development and prepared a pool of potential candidates for promotion within the agency. A new approach is being implemented which will be more targeted than the prior program and provide more role-specific instruction. Under this internally-developed program, management will “identify a handful of individuals for developmental opportunities with the goal of specifically slotting them into vacancies” for the most critical supervisory positions.

Currently, area supervisor and center manager roles are being targeted. Plans include developing documents to serve as a mentor/mentee partnership agreement and an individualized development plan for the mentee. Five participants will be selected for the pilot session who will take part in experiential learning and exposure to a variety of organizational components through formal and informal education.

II. Issues

Changes Required by WIOA

The Workforce Innovation and Opportunity Act (WIOA) was signed into law on July 22, 2014, which reformed the nation's public workforce development system. WIOA replaced the Workforce Investment Act (WIA) and required extensive changes to the provision of services for workforce development for several state agencies, including SCVRD. These changes have required SCVRD to modify its computer systems, processes, and activities to appropriately provide and track services under WIOA. This transition has been on-going since 2014.

Unified State Plan

WIOA requires state agencies to work together to offer services to consumers and better utilize resources across the state. The partnerships must have formal agreements or memorandums of understanding (MOUs) that provide details and specifics on services available to consumers of all agencies. The primary state agencies involved are the Department of Employment and Workforce (SCDEW), the Department of Education (SDE), SCVRD and the Commission for the Blind (SCCB). Under WIOA, the Governor of each State must submit a unified or combined state plan to the U.S. Secretary of Labor that outlines a four-year workforce development strategy for the State's workforce development system. South Carolina submitted a unified state plan in April 2016. A modified plan was submitted in 2018, as required by federal law, and was approved.



New Measures of Success under WIOA

The measures of success for SCVRD's programs were changed as a result of WIOA. Although successful employment outcomes continue to be monitored, new performance measures such as credentials attained by clients and measurable skill gains made by clients will be tracked. In addition, the effectiveness in serving employers will be evaluated. These new measures provide a way of documenting program effectiveness and demonstrating accountability. However, no performance targets have been set for the new measures. In order to calculate each measure accurately, SCVRD has detailed descriptions of what types of activities will qualify towards attainment of that measure. The five measures are listed below with the method of measurement, source of data, and examples of achievements towards each measure, as applicable.

WIOA Performance Measures:

1) Employment as of the second and fourth quarters after exiting the VR program

Method of Measurement: Total number of participants who were employed during the 2nd and 4th quarters after program exit divided by total number of participants who exited during the reporting period.

Source of Data: Unemployment insurance wage data will be the primary source of data, and an exchange of data from SCDEW is in place to obtain this information.

2) Median earnings

Method of Measurement: Measured as of the 2nd quarter after exit.

Source of Data: Similar to the reporting of employment information, unemployment insurance wage data will be the primary source of data through an exchange with SCDEW.

3) Credential attainment

Method of Measurement: Percentage of participants enrolled in an education or training program who attained a recognized postsecondary credential or secondary school diploma within one year after program exit.

Definition of Credentials: A credential must be an industry-recognized certificate or certification, a certificate of completion of an apprenticeship, a license recognized by the State involved or Federal Government, or an associate, baccalaureate or graduate degree.

Examples of Credentials: Certified Nursing Assistant License, Automotive Service Excellence (ASE) Certification, Pharmacy Technician, Certified Welder.

4) Measurable skills gains

Method of Measurement: All participants who, during a program year, are in an educational or training program that leads to a recognized postsecondary credential or employment are counted in this indicator.

Examples of Measurable Skills Gains: Achievement of at least one Educational Functional Level (EFL), attainment of secondary school diploma or equivalent, transcript or report card showing sufficient number of credit hours earned, completion of one year of registered apprenticeship program, or passage of an exam required for an occupation.

5) Effectiveness in serving employers

Method of Measurement: Percentage of repeat employers using services within the previous three years and the percentage of employers using services out of all employers in the state.

Dual Customer Approach

While assisting and preparing disabled people to find suitable employment, the agency must also cultivate relationships with businesses in order to place their clients in competitive employment. In partnering with SCVRD, businesses are provided with incentives. Several of these incentives include:

- **On-the-Job Training** - reduces training costs for businesses by providing a reimbursement of up to \$3,700 for each client.
- **Job Retention Services** - helps employers to retain valuable employees who may be struggling due to a disability.
- **Job Readiness Training** - allows businesses to outsource time or labor intensive projects to SCVRD to provide its clients with demand-driven, hands-on training.
- **Work Opportunity Tax Credit** - is available to employers who hire eligible candidates from certain target groups, including up to \$2,400 for vocational rehabilitation-referred individuals.

SCVRD currently partners with over 400 businesses statewide, and helps them reduce training costs and increase job retention rates, while improving workforce diversity. To assist in the recruitment of businesses to participate in SCVRD’s programs, twenty-one business development specialists, each typically assigned to several counties as well as several statewide contacts, are employed by SCVRD. These specialists work with businesses to provide well-matched candidates to meet workforce needs. Follow-up is conducted for at least 90 days after an SCVRD client is hired and considered stable to make sure both the client and the business are successful.

In addition to the incentives listed above, services such as job try-outs, internships, and job matching allow SCVRD to understand businesses’ needs while providing them with a talent pipeline. A business advisory council at the information technology training program lets businesses help shape the curriculum and training that prepares clients for the workforce.

Increased Services to Youth



Under WIOA there is an increased emphasis on the provision of services to youth with disabilities. A requirement that 15% of federal funds be spent on students and young adult services has resulted in changes to the allocation of resources at the agency. For example, SCVRD now has a VR counselor assigned to each high school in the state to provide work-based experiences, self-advocacy instruction, and to help students build leadership skills and explore career options. Summer programs are offered by SCVRD so that youth can evaluate career choices, build self-esteem, and enhance communication skills by engaging in mock interviews and other job preparedness activities.

Providing VR services to transition-aged youth has the goal of improving the chance of productive, meaningful employment beyond high school for these students. Since disabled students are less likely to graduate from high school than their peers, it is critical that these students are assisted early on to become career-ready. These increased services to disabled students are primarily provided by SCVRD employees. In order to document that 15% of federal funds are being spent on students with disabilities, personal activity reports are now maintained by employees providing these services to verify hours spent on these tasks.

Career exploration allows students to learn about the world of work, identify and explore potentially satisfying occupations, and develop an effective strategy to realize a vocational goal. This exploration covers the educational requirements and wages of various occupations and identifies existing local employers. In addition,

the employment outlook as well as required temperament, work habits, physical demands, and appropriate accommodations are considered. With the assistance of SCVRD counselors, students can identify a realistic and attainable vocational goal by evaluating aptitudes, vocational skills, work habits, and interests.

SCVRD Measures of Program Success

General Information on Clients and Services



Referrals to SCVRD come from a variety of sources and for a number of different disabilities. Clients are also more successfully placed in certain occupations. Some information is maintained on a federal fiscal year and is labeled as FFY, while other information is shown for a state fiscal year and is labeled as SFY.

For SFY 2017, SCVRD had 16,187 referrals for service, and 89% of applicants were determined eligible for services. Likewise, in SFY 2016, 15,314 referrals were received and 88% of applicants were determined eligible for services. The chart below shows the sources of the referrals for SFY 2017.

Sources of Referrals to SCVRD for SFY 2017	
Self-Referral/All Other Categories	32%
High Schools	15%
Corrections/Probation, Parole and Pardon Services/Department of Juvenile Justice	14%
Mental Health/Psychiatric/Substance Abuse	12%
Partners (Adult Education, SC Works, DSS, DDSN, VA, Other Community Partners, Other State Agencies, Other Educational, College/University/Vocational Schools)	10%
Medical Providers (includes Cardiac Rehabilitation)	10%
Employers/Job Retention Services	7%

The types of disabilities of the clients served by SCVRD for SFY 2017 are shown in the table below.

Referrals by Disabilities for SFY 2017	
Physical/Accident & Amputation/Neurological/Respiratory/Other	30%
Mental	28%
Substance Abuse	17%
ADHD/Autism/Specific Learning Disability	15%
Intellectual Disability	4%
Deaf and Hard of Hearing	4%
Spinal Cord Injury/Stroke/Traumatic Brain Injury	2%

The top five occupational groups for successful employment case closures are:

- 1) Food preparation and serving related
- 2) Production
- 3) Office and administrative support
- 4) Transportation and material moving
- 5) Building and grounds cleaning and maintenance

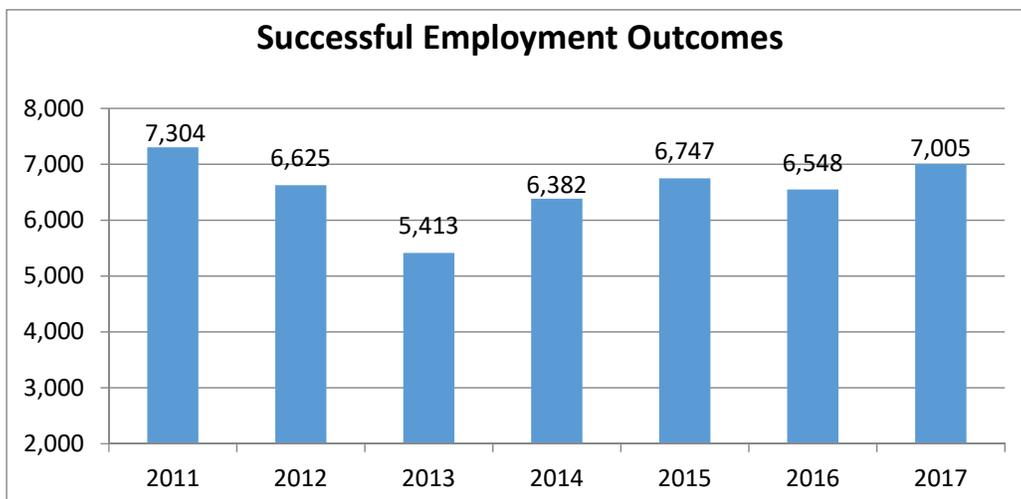
New Data Collection Requirements under WIOA

SCVRD maintains a variety of data regarding its success in helping people with disabilities become employed. According to an official with the agency, under WIOA the new data collection requirements went into effect in July 2017, and the elements which must be tracked have increased from 185 to 393 and are reported quarterly to the Rehabilitation Services Administration (RSA). RSA is the agency under the U.S. Department of Education which is responsible for overseeing the changes to VR agencies from WIOA.

Due to the transition from WIA to WIOA, comparative information available on RSA’s website is available only as recently as federal fiscal year 2014. According to an official at SCVRD, the first annual performance report for the new data collection will not be available until after October 2018, and will only include one new measure since there has not been enough time elapsed for reporting results. No performance targets have been set with RSA for the new WIOA performance measures. Nevertheless, SCVRD maintains a substantial amount of data on the programs they operate and the clients they serve. Some of the data collected shows the success they have had placing clients in competitive employment, the cost of providing these rehabilitative services, and the length of time it takes to determine eligibility and provide individualized services.

Successful Employment Outcomes

The chart below shows the number of successful employment outcomes from 2011 through 2017, based on the state’s fiscal year. A successful outcome means that the client has maintained competitive employment for a period of 90 days. To maintain competitive employment, an individual has retained full- or part-time employment in an integrated setting for which they are compensated at or above the minimum wage but not less than the customary wage and level of benefits as an individual doing the same or similar job who does not have a disability.



Of the 7,005 successful employment outcomes for SFY 2017, 2,991 were female and 4,014 were male. The table below shows the racial makeup of this group.

SFY 2017 Successful Employment Outcomes by Race	
Black	3,436
White	3,311
Other	206
Asian	28
American Indian	15
Pacific Islander	9
Total	7,005

Cost per Rehabilitation

SCVRD maintains information to calculate the cost per rehabilitation based on total expenditures. Comparatively, the national cost per rehabilitation for FFY 2014 was \$20,124. This is the last year that comparative national data is available through the RSA. Therefore, for FFY 2014, SCVRD provided services at a cost below the national level.

SCVRD Cost per Rehabilitation (Based on total expenditures)	
FFY 2014	\$12,693
FFY 2015	\$14,091
FFY 2016	\$14,699
Note: The national cost per rehabilitation for FFY 2014 was \$20,124.	

Return on Investment

Return on investment (ROI) is defined as the ratio of the net benefits from an investment to the cost of the investment. According to the agency’s accountability report for FY 16-17, people with disabilities who exit VRD’s program with a successful employment outcome enhance the quality of their lives by earning income, lessening their reliance on government assistance, and stimulating the state’s economy by paying taxes, making purchases, and ultimately contributing to the state’s return on its investment in their services. Calculating an ROI for rehabilitation services can be difficult since these studies are not strictly about numbers, but also include human and social aspects.

The ROI calculation used by SCVRD was developed in the early 1980s using the methodology of the Minnesota Department of Vocational Rehabilitation. There is no common formula used nationally, but numerous state VR programs have similar formulas, according to an SCVRD official. A validation study was completed approximately 10 years ago by an organizational psychologist, who found the formula to be sound and very conservative in calculating the ROI, meaning that SCVRD’s financial impact is probably greater than reported.

The table below shows the results of the ROI calculation for SFY 2017 outcomes.

Return on Investment (ROI) for SFY 2017	
Amount that rehabilitated clients will pay back for every dollar spent on their services by becoming taxpayers	\$4.18
Increase in earnings for every one dollar of vocational rehabilitation funds invested in a client	\$17.84
Approximate time it will take to repay the cost of their rehabilitation services through taxes	4.7 years

Length of Time in VR Services

Three major steps in the case management process at SCVRD which are tracked for length of time to completion include determining eligibility, developing an individualized plan for employment (IPE), and closing the case.

Eligibility

In order to obtain services from SCVRD, clients must apply and be determined eligible for services. The mandatory federal compliance level for determining eligibility is 60 days. SCVRD is able to determine eligibility well before the 60 day allocation in many cases. The average length of time from application to eligibility determination was 31 days in SFY 2018.

Average Length of Time from Application to Eligibility Determination	
SFY 2016	37 days
SFY 2017	34 days
SFY 2018	31 days

Development of Plan for Employment

Once a client is determined to be eligible for services, the counselor works with the client to complete vocational assessments to develop an individualized plan for employment (IPE). A process of “informed choice” is used to encourage an increased sense of responsibility and ownership by the client. Informed choice is the premise that disabled people should have an influence on and input into the processes and services affecting their vocational rehabilitation. The IPE contains the vocational goal, outlines the services needed to meet this goal, and provides estimated time frames. These services may include physical or occupational therapy, prosthetic or orthotic appliances, speech-language therapy, or assistive devices, among others. Federal mandates require that the state VR agency ensure that the costs to meet the unique rehabilitation needs of each individual are both reasonable and necessary.

By federal law, the IPE is to be developed within 90 days of determining the eligibility of the client. The table below shows the average length of time from eligibility to IPE completion for the last three state fiscal years.

Average Length of Time from Eligibility to Development of Plan for Services	
SFY 2016	44 days
SFY 2017	41 days
SFY 2018	37 days

Case Closure

Once the services provided under the IPE have contributed to the achievement of the employment outcome, the case may be closed. The client must maintain the employment outcome for a period of at least 90 days, and must no longer need vocational rehabilitation services. Once the case is closed, the client must be informed of the availability of post-employment services at VR. The table below shows the average length of time from application to case closure over the last three state fiscal years.

Average Length of Time from Application to Case Closure	
SFY 2016	743 days
SFY 2017	666 days
SFY 2018	590 days

For the three year period shown in the table above, the length of time from application to closure ranged from 17 days to 7,847 days with only one percent of total closures lasting for 3,000 days or more. To compare the length of time for case closures with other states, the most recent federal data available is for FFY 2014, due to the changes brought about by WIOA. For FFY 2014, South Carolina had an average time to close for employment outcomes of 21.4 months or 651 days. This can be compared to the median of state averages of 23.7 months or 721 days for other general VR agencies. The ranges of state averages was 15.1 - 43.2 months or 459 - 1,314 days.

Examples of cases that may take longer timeframes include:

- Individuals receiving pre-employment transition services in high school and additional VR services after leaving high school.
- Individuals pursuing 2 and 4 year degree programs.
- Individuals in longer term training programs such as registered apprenticeships and multi-year certificate programs.
- Individuals with multiple disabilities requiring substantial services over time.
- Individuals with intervening changes in functional limitations.

In contrast, cases which may take shorter timeframes include job retention services requiring assistive technology to maintain employment and consumers with substantial work history or skills requiring shorter term services to gain or maintain employment.

ALLIED Opportunities, Inc.

Creation of ALLIED Opportunities, Inc.

In 2005, SCVRD created ALLIED Opportunities, Inc. (ALLIED) as a non-profit corporation to serve as a community rehabilitation program (CRP) for the agency, which was allowed under federal law. A focus on placing VR clients into integrated work settings began around 2001, and clients could no longer work in extended employment within the VR program. However, clients hired by the CRP were considered to have achieved a successful employment outcome.

Initially, ALLIED was staffed by SCVRD employees, who did not earn additional compensation for these duties. SCVRD employees typically served on the board of directors for ALLIED. In 2009, ALLIED became a sole source vendor under the state's procurement system with the stated purpose of procuring labor from a targeted group of former Vocational Rehabilitation clients who could work, but not maintain competitive employment. In 2011, ALLIED became a vendor on the statewide contract through the state's Materials Management Office (MMO). As a vendor on this contract, any eligible entity could purchase staffing services from ALLIED. SCVRD was ALLIED's primary customer. The initial terms of the MMO contract were from July 2011 to June 2015, and the contract was renewed through June 2020. Temporary staffing positions which could be filled by ALLIED included:

Temporary Staffing Positions Offered by ALLIED	
Receptionist	Cashier
Clerical Specialist	Accounting Clerk I
Administrative Specialist I & II	Fiscal Technician I & II
Administrative Assistant	Driver
Legal Secretary	Casual Labor
Paralegal	Custodial Services/Labor
Records Management	Docent

In August 2012, SCVRD and ALLIED entered into a memorandum of understanding (MOU) effective for five years, where ALLIED would support staffing services in all SCVRD work training centers. This MOU allowed ALLIED to partner with other organizations to provide similar employment services.

According to minutes of SCVRD's board meetings, the majority of ALLIED employees had been clients of SCVRD, but their background or other barriers to employment made it difficult for these employees to be hired elsewhere. Employment with ALLIED would allow these employees to build a work history, and possibly later transition into other employment.

SCVRD provides job readiness training at its own work training centers around the state. Private businesses contract with the agency for work which can be completed by these clients-in-training. Projects such as assembly, fabrication, packaging, recycling, manufacturing, warehousing, shipping, and distribution are examples of the types of jobs performed at the work training centers. Under these contracts, SCVRD must meet the contract needs of the businesses, regardless of the availability of VR clients. This was one reason that ALLIED was created, since ALLIED could supply staffing services, as needed, in SCVRD's work training centers.

State Inspector General Review

In January 2017, the State Inspector General (SIG) initiated a review of SCVRD based on a credible complaint of mismanagement and misconduct within the agency. According to the SIG report, approximately 80% of ALLIED's workload was attributed to SCVRD, and between FY 07-08 and FY 16-17, SCVRD paid ALLIED approximately \$8.3 million, primarily for temporary personnel, but also for monthly rental charges for storage. In 2015, ALLIED purchased 15 acres of land that borders the SCVRD campus and built a warehouse adjacent to the Lexington Area Office which was rented to SCVRD for storage and operational space for the Lexington work training center. SCVRD currently continues to lease this warehouse for \$45,000 per year under a contract originally established in 2015.

The SIG concluded that the creation of ALLIED as a CRP by SCVRD was consistent with federal regulations and the Rehabilitation Act of 1973. Additionally, ALLIED was incorporated as a non-profit organization consistent with state law and IRS rules, and the relationship between SCVRD and ALLIED was permissible under federal law and regulations. According to the SIG, ALLIED "provided SCVRD the opportunity to enter into more complex and longer term contracts with its external business partners."

The SIG identified two issues including 1) a misconduct matter between an SCVRD employee and a SC Department of Corrections inmate and 2) ALLIED Opportunities, Inc.'s vendor contract relationship with former senior SCVRD officials. Regarding the misconduct matter, the SIG found that the SCVRD acted promptly, the employee was arrested, and the allegation that SCVRD failed to report the incident and mishandled a complaint was unfounded. However, the SIG found problems with the hiring of several employees by ALLIED, and the SIG report contains two findings regarding these matters:

- Finding #1: The SCVRD failed to obtain approval from MMO when it requested ALLIED to provide executive transitional consultant services from a former SCVRD commissioner employed by ALLIED and in hiring the grounds keeping managers; and failed to obtain approval from ITMO when it obtained IT services from a contractor which were not allowed under the provisions of the statewide contract.
- Finding #2: SCVRD failed to properly manage and document the contract deliverables associated with the consultant services provided by a former SCVRD commissioner employed by ALLIED for a period of eight months. As a result, payments to ALLIED for this service were not properly documented and unsupported.

According to the SIG report, it was a common practice for SCVRD to employ newly retired commissioners as a contract employee or consultant to assist the newly-hired commissioner in a transitional role. The SIG reviewed agency records and determined that three former SCVRD commissioners continued employment with SCVRD in this manner for a brief period. In each instance, appropriate contracts and letters were on file with SCVRD which outlined the terms of employment and compensation, and were signed by the former and newly-appointed commissioners and the board chairperson.

However, in 2016 a retired commissioner was hired by ALLIED as a consultant to the incoming SCVRD commissioner on a part-time basis. According to the SIG report, "in contrast to the SCVRD records for prior commissioner consultant contracts, no contract paperwork was located in ALLIED personnel records." The documentation for ALLIED's invoices to SCVRD during the eight month period, were automatic timesheets for the former commissioner, which prevented the commissioner from certifying to the accuracy of the recorded time.

The employment of the former commissioner as a consultant was unsubstantiated by ALLIED's temporary staffing positions under its statewide contract.

Assets of ALLIED Transferred to Foundation

In January 2017, SCVRD notified ALLIED Opportunities, Inc. by letter that it would be terminating a memorandum of understanding (MOU) between the parties effective April 25, 2017. According to records maintained at the South Carolina Secretary of State's office, ALLIED Opportunities, Inc. was dissolved as of December 27, 2017. During 2017, the assets of ALLIED were transferred to The Foundation for Independence Through Employment, Inc. (foundation) which is a private foundation affiliated with SCVRD. According to its Articles of Incorporation dated April 13, 1995, the foundation was

. . . organized exclusively to solicit, hold and expend funds for charitable purposes for those citizens of South Carolina with disabilities who have an economic need, and who otherwise do not meet the South Carolina Vocational Rehabilitation defined need status so that they may meet their basic needs and perform independently.

These articles go on to list examples of expenditures including technological equipment and devices, communication devices, adaptive equipment, and computer hardware and software.

A former employee of ALLIED now maintains the books and records of the foundation, and at least one current SCVRD employee is a member of the foundation's board. A former SCVRD employee is also a member. According to the foundation board meeting minutes dated April 25, 2018, the foundation's banking balance as of March 30, 2018 was approximately \$1.7 million. The foundation oversees two loan programs for people with disabilities, and the balances in these loan funds comprise the majority of the foundation's funds. One loan program is for assistive technology and the other program is to help with business start-up costs.

A written agreement between the foundation and SCVRD should be developed which outlines the relationship between the parties. The loan programs administered by the foundation should be available to all eligible individuals. Having current and former SCVRD employees on the board of the foundation may present conflicts of interest, and employees must have clear policies to follow when interacting with a related entity.

Agency Recommendations:

- **SCVRD should develop a written affiliation agreement with The Foundation for Independence Through Employment to establish the purpose and scope of the relationship between the parties.**
- **SCVRD should establish written policies and procedures to clarify the interaction between the agency, its employees, and The Foundation for Independence Through Employment, and communicate those policies and procedures to all affected employees.**
- **SCVRD management should inform the agency's board of the affiliation between SCVRD and The Foundation for Independence through Employment and update the board on any changes to that relationship, as necessary.**

Complaints Administration

Complaints from applicants to SCVRD or clients receiving services from SCVRD are received by counselors, supervisors, and an ombudsman, employees of SCVRD, and are administered both informally and formally within the agency. In addition, a federal program, the Client Assistance Program (CAP) helps people who get services from SCVRD and the SC Commission for the Blind (SCCB). Applicants and eligible individuals may be provided advocacy and representation by the CAP to ensure their rights in their relationship with projects, programs, and services provided under the federal rehabilitation act. The CAP recently moved from the Department of Administration to SC Protection and Advocacy for People with Disabilities, Inc. (P&A).

Transition of the Client Assistance Program

The Client Assistance Program (CAP) is a fully federally-funded program responsible for administering complaints of applicants and individuals eligible for rehabilitation services and benefits. In order to provide impartiality, the program is housed outside of SCVRD and the SCCB. If an applicant to SCVRD has been turned down or a client is not satisfied with the services they are receiving, they can file a complaint through the CAP. According to SCVRD's policies, individuals are to be notified in writing of their administrative review rights when they apply for services, at the initiation of the individualized plan for employment (IPE) if one is developed, and whenever vocational rehabilitation services are reduced, suspended, or terminated. The CAP staff provide services to reach unserved and underserved populations in an effort to reach those with disabilities. Beginning in September 2017, the CAP was transferred to the South Carolina Protection and Advocacy for People with Disabilities, Inc. (P&A).

Under the SC Restructuring Act of 2014, many offices and programs located within the Office of Executive Policy and Programs (OEPP) were transferred to the Department of Administration recognizing that these offices and programs would be more appropriately administered by entities other than the department. The act directed the Department of Administration to report to the General Assembly concerning the appropriate placement of those offices and programs. The Department of Administration's report recommended that the Client Assistance Program (CAP), which had been housed within OEPP for many years, should be transferred to Protection and Advocacy for People with Disabilities, Inc. (P&A).

In May 2017, the General Assembly passed legislation to amend code section 43-33-310 et seq. delegating P&A as the South Carolina administrator of the CAP. According to an official with the Department of Administration, a public hearing was held in July 2017 concerning the transfer of the CAP to P&A. No objections were raised at the hearing, and P&A agreed to the transfer. As required by the federal program, the Governor of the state must designate a public or private entity within the state to provide CAP services. Effective September 18, 2017, Governor McMaster designated P&A to administer the CAP.

Annual Reporting by CAP

The CAP must report annually on its operations to the federal Rehabilitation Services Agency (RSA), and these reports are available on RSA's website. The table below shows the number of individuals served by CAP for the last three federal fiscal years (FFY).

Number of Individual Cases Served from CAP Reports to RSA			
	FFY 14-15	FFY 15-16	FFY 16-17
Individual Cases Served	32	120	57

According to these reports, the problem areas reported by these individuals included:

- Requests for information
- Communication problems between the individual and the VR counselor
- Conflict about VR services to be provided
- Problems related to the VR application or eligibility process
- Problems related to IPE development/implementation

In response to these problems, the services provided by the CAP included investigation and monitoring, short-term technical assistance, negotiation, and informal reviews. Individual case files were closed primarily because all or some issues were resolved in the individual's favor. In some cases, the reason for closing a case file was because the individual withdrew the complaint, the issue was not resolved in the client's favor, or the individual did not respond to or cooperate with CAP.

Current Administration of CAP

According to an official with SCVRD, building a working alliance with P&A is important, and efforts are being made to facilitate a working relationship, such as quarterly meetings between SCVRD and P&A. In the past, the officials administering the CAP provided SCVRD with basic information concerning complaints such as the nature of the complaint, the desired relief, and the date a case was closed. According to an SCVRD official, this information is no longer being provided by P&A, however, such information would allow SCVRD to assist in resolving complaints. Given that P&A has only recently begun administering the CAP, SCVRD should continue its efforts in building a working relationship with P&A.

Complaints Received by SCVRD

SCVRD also administers complaints, and attempts to resolve complaints promptly and at the lowest level possible. In order to encourage open communication, SCVRD provides written information to its applicants and clients notifying them of various ways to resolve complaints within the agency. Complaints are initially handled by the counselor in an informal process. The counselor will inform the client of the counselor's determination of the complaint in writing and document it in the case notes. The next level of informal review is the area or project supervisor. The applicant/client should submit a written request to the supervisor stating the specific complaint, the reasons for requesting the review, and the specific relief desired.

Outside of CAP, SCVRD employs an ombudsman who acts in an impartial capacity to receive and research complaints reported to the agency, using an informal process. Each complaint is logged into an internal database and researched by the ombudsman. A decision is made and a set of recommendations to resolve the complaint is presented to the client. If the client is not happy with the decision and recommendations, they can request a fair hearing. The fair hearing is a formal review process conducted by an impartial party outside of the agency. According to an agency official, these hearings are rare since complaints do not typically rise to the level of a fair hearing. The fair hearings result in a full, written report of the findings and grounds for the decision within thirty days after completion of the hearing. The complainant can request an impartial review of the fair hearing by an official from the Office of the Governor within 20 days of the written report.

SCVRD reports the number of complaints it receives annually in its Accountability Report with a percentage of the complaints which are resolved without the need for formal administrative review, as shown in the table below.

Number of Complaints Received by SCVRD and % of Complaints Resolved Without Administrative Review			
	FY 14-15	FY 15-16	FY 16-17
Number of Complaints	86	49	85
Percentage of complaints resolved without formal administrative review	98.8%	100%	99%

Equine Program for Treating Post-Traumatic Stress Disorder

Transfer of Funds to Lander University

In the FY 17-18 appropriations act, proviso 117.134 required SCVRD to “transfer \$500,000 to Lander University for the Lander Equestrian Center.” The funds were to be used to create a pilot program to provide equine assisted psychotherapy to military members suffering from post-traumatic stress disorder (PTSD). As instructed by the proviso, SCVRD transferred \$500,000 of general funds to Lander University. SCVRD had to use general funds for the transfer due to federal regulations. SCVRD’s mission is to assist disabled people in finding employment, and these services are provided using federal funds comprising 79% with matching state funds of 21%. The federal funding requires that a client of SCVRD participating in programs using federal funds be actively seeking employment.

In the FY 18-19 budget process, proviso 117.130 again required SCVRD to transfer \$500,000 to Lander University. In its budget request, SCVRD officials requested that proviso 117.130 be removed, explaining that the agency did “not have authority in the General Funds, Other Operating for this expenditure amount.” The budget document went on to state that the federal regulations under which SCVRD’s programs exist, require that SCVRD service funds be used for eligible clients of the agency. The agency explained that it cannot use federal or other program income funds for the transfer to Lander University, and must use state general funds. The use of general funds to be spent outside of SCVRD reduces the amount of state funding that is eligible for federal matching funds. A continued reduction in general funds would impact SCVRD’s maintenance of effort levels that could lead to a federal match penalty in future state fiscal years. Proviso 117.130 was deleted from the final version of the FY 18-19 appropriations act.

Nonrecurring State Funds Appropriated to SCVRD to Develop Equine Program

Under proviso 118.15 in the FY 18-19 appropriations act, SCVRD was appropriated \$500,000 in nonrecurring general funds to “be used by the department to develop an equine therapy program with an emphasis on serving veterans with Post-Traumatic Stress Disorder.” These funds are to be disbursed to SCVRD by September 30, 2018, by the State Treasurer, according to the proviso. This proviso requires that any unexpended funds appropriated to Lander University in previous fiscal years for this purpose be transferred to SCVRD to be expended for the equine therapy program. A pilot program at a single location is to be developed which will provide for potential expansion to other locations.

According to an official with SCVRD, the agency is in the early stages of developing a request for proposals to begin operating the equine therapy program. This program will be operated using only the nonrecurring general funds appropriated under proviso 118.15 and no federal funds will be used.