

**STATE OF NEW HAMPSHIRE**  
**OFFICE OF LEGISLATIVE BUDGET ASSISTANT - AUDIT DIVISION**

**PROPOSED SCOPE STATEMENT**  
**PERFORMANCE AUDIT OF VOCATIONAL REHABILITATION**

In July 2018, the Fiscal Committee approved a Legislative Performance Audit and Oversight Committee recommendation to conduct a performance audit of the Vocational Rehabilitation program, administered by the Department of Education (DOE). We held an entrance conference with the DOE in March 2019.

**Background**

The federal government has regulated vocational rehabilitation (VR) since 1920, with a goal of assisting individuals with disabilities in becoming meaningfully and gainfully employed. The *Rehabilitation Act of 1973* (Act) intended to improve the efficient and effective operation and accountability of state VR programs, and emphasized services for individuals with the most severe disabilities. The Act also extended and revised the authorization of grants for state VR programs, administered by the federal Department of Education's Rehabilitation Services Administration (RSA). To be eligible for federal funds, the Act required states to submit a state plan for providing VR services and to designate a state agency or unit which would administer the state plan.

Amendments to the Act during the 1980s and 1990s established programs designed to assist individuals with the most severe disabilities in achieving competitive employment outcomes and required state programs provide information necessary for individuals to make an informed choice when developing their individualized plan for employment (IPE), selecting services, and selecting providers. Additionally, these amendments required the RSA to annually review and periodically monitor state VR programs and their performance, and required state VR agencies to establish and maintain standards for VR counselor qualifications.

Congress reauthorized the Act, as amended, through the *Workforce Innovation and Opportunity Act* (WIOA) in 2014, to increase access to employment, education, training, and support services, particularly for individuals with barriers to employment. WIOA strengthened the alignment of VR and other workforce development programs by requiring unified strategic planning, common performance accountability measures, and a one-stop delivery system, as well as established specific requirements for state VR programs. Specifically, WIOA emphasized the achievement of competitive employment in an integrated setting. WIOA also required VR agencies to make pre-employment transition services available to students with disabilities and to allot at least 15 percent of federal funding to provide these services.

**Vocational Rehabilitation In New Hampshire**

The New Hampshire Bureau of Vocational Rehabilitation (NHVR), within the DOE, is responsible for administering VR services from five regional offices. Each regional office consists of a regional leader or supervisor, vocational rehabilitation counselors, and support staff. As of March 2019, the NHVR had 71 positions, 33 of which were rehabilitation counselors.

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***Determining Eligibility***

Federal laws and regulations established program eligibility requirements, but the states determine whether individuals are eligible based on those federal requirements. Under federal and State requirements, to qualify for VR services an individual must: have a physical or mental impairment that results in a substantial impediment to employment; require rehabilitation services to prepare for, secure, retain, or regain employment; and be able to benefit from VR services to achieve employment. States must make an eligibility determination within 60 days of application unless specific circumstances prevented them from making a determination within that timeframe, or the applicant required further assessments of their abilities, capabilities, and capacity to work. As of May 1, 2019, the NHVR had approximately 220 individuals awaiting eligibility determination.

***Developing An Employment Plan***

Once an applicant is determined eligible for services, counselors work with the individual to develop an IPE. The IPE is designed to achieve a specific employment goal that, according to federal regulations, is “selected by the individual consistent with the individual’s unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.” The IPE includes the specific rehabilitative services needed to achieve the employment goal, service providers, and estimated cost of the services; timeline for achieving the employment goal; the criteria for evaluating progress; and NHVR and individual responsibilities for achieving the employment goal. Federal regulations require an IPE be developed within 90 days after an individual is determined eligible, unless the NHVR and the applicant agree to an extension. As of May 1, 2019, the NHVR had approximately 475 individuals in the process of developing an IPE.

***Provision Of Services***

Individuals can be provided a wide range of services to help them achieve their employment goal, and services vary based on an individual’s disabilities and employment goal. NHVR staff provide some services, while other services are obtained through contracted providers. Services available to individuals include assessments; vocational counseling and guidance; job-related services including job search, job placement, and retention services; on-the-job training, and technical and academic training; job preparation skills, such as resume writing and interviewing; and assistive technologies, such as vehicle modifications, communication devices, and other technological aids and devices. As of May 1, 2019, more than 1,940 individuals were working with NHVR staff in implementing their IPE and working towards an employment goal.

***Order Of Selection***

Federal regulations require a state to provide the full range of services identified in its state plan to all eligible individuals. If a state determines it cannot serve all eligible individuals due to lack of funds or staff, it must enter an order of selection. Under an order of selection, states are required to continue to serve individuals who were receiving services prior to the implementation of the order of selection. States must establish the order they will follow in selecting individuals newly

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determined to be eligible for services, but are required to ensure individuals with the most significant disabilities will be served first.

According to DOE officials, due to lack of funds, in May 2018 NHVR determined it would not be able to serve all eligible individuals and entered an order of selection. At that time, individuals with an approved IPE continued to receive services; however, individuals applying after the implementation of an order of selection and determined eligible were placed on a waitlist and assigned to one of three priority categories:

- Category 1 – Most Significant Disability: An eligible individual presenting two or more serious limitations that could impact their ability to function in a work setting. Individuals in this category usually require two or more VR services over an extended period.
- Category 2 – Significant Disability: An eligible individual presenting one or more serious limitations that could impact their ability to function in a work setting. Individuals in this category may require multiple VR services over an extended period.
- Category 3 – Less Significant Disability: All other individuals eligible for VR services who do not meet the criteria for the other two categories.

At its peak in December 2018, the NHVR had over 1,100 individuals on the waitlist, consisting mostly of individuals in Categories 1 and 2. As of May 2019, all individuals in Category 1 are receiving services, and 570 individuals remain on the waitlist.

### **Vocational Rehabilitation Grants To States**

The NHVR is funded through a mix of federal grants; State general funds to satisfy the matching requirements of the federal grants; and other funds consisting of agency income, private local funds, and revolving funds.

The Act provides states with Vocational Rehabilitation State Grants to operate VR programs, which accounts for the majority of NHVR's revenue. Under the Act, the federal share is set at 78.7 percent, with states required to match at least 21.3 percent of allowable program costs. Any federal funds awarded but not obligated and expended before the start of the next year, can be carried over to the next year, provided the state obligates its matching portion in the year the grant was awarded. The Act also includes a maintenance of effort requirement which reduces a state's grant if the state's non-federal match was less than the match from two years prior. For example, if the state's 2019 match was less than the amount matched in 2017, the state's grant award for 2020 would be reduced by the shortfall. Grants are distributed annually based on a statutory formula which considers the state's population and per capita income. NHVR was awarded between \$9.3 million and \$11.4 million from 2017 to 2019.

The NHVR also receives smaller grants to support individuals who may need employment supports after they start working and to support individuals with visual impairments.

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**Audit Scope**

This performance audit will focus on the following question: *Did the New Hampshire Vocational Rehabilitation program operate efficiently and effectively from State fiscal years 2017 to 2019?* Specifically, we will evaluate the efficiency and effectiveness of NHVR's process for:

- tracking and monitoring program costs,
- reviewing program performance and program outcomes, and
- monitoring compliance with program requirements.

While audit work will primarily focus on activities occurring during SFYs 2017, 2018, and 2019, some programmatic and financial information may be provided for longer timeframes.

To address these objectives, we plan to:

- review relevant State and federal laws; NHVR administrative rules and federal regulations; and NHVR policies, procedures, and guidance;
- interview NHVR and DOE personnel, and contact external stakeholders;
- review audits, evaluations, and guidance from other states and national organizations;
- review federal audits of the NHVR;
- review and analyze NHVR files;
- review similar practices in peer states; and
- compare NHVR practices to relevant guidelines and accepted practices.

We anticipate completing this audit and presenting the final report to the Fiscal Committee by the end of the year.

# Suggested Audit Topics

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## **Email from Rep Renny Cushing, Chair of the Criminal Justice and Public Safety Committee**

Suggests a performance audit on the effectiveness of the program established under RSA 72:12-A that provides exemption from property tax for property that is used solely for the prevention of air and water pollution.

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## **Email from Rep. Marjorie Smith, Chair of House Judiciary Committee**

Having received testimony for the Cost Containment Office in the Department of Administrative Services, committee members had several questions that were not answered to our satisfaction.

Concerning cases where individuals receive assistance when they are unable to afford an attorney:

When in the court process does the meter start to tick?

Who makes that decision?

When do those who are accused receive notice about the availability of public defenders?

Is there any difference in the consideration of their debt if they are found guilty or not guilty?

Does the existence of a debt to the state interfere with their ability to get a job or sign a lease?

Who does the rate of pay back?

What happens to the funds that are paid back?

How are cases closed?

How long are cases held open?

How much money is brought in per fiscal year, and how much money is spent per fiscal year?

There are other questions, but I hope that this gives you a preliminary idea of our concerns, fully expecting you to develop a more professional list of questions as you explore the possibility of pursuing this matter.

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## **Email from Rep. Jeffrey Goley, Chair of Executive Departments Administration and Committee**

His committee is requesting two audits:

- Office of Professional Licensure and Certification, and
  - Board of Dental Examiners.
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