

## **Extended Employment Program**

# **Compliance Audit & Program Evaluation Report**

**July 1, 2011 – June 30, 2012**

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## Introduction

This report contains summary information about the condition and outcomes of the Extended Employment (EE) grant program resulting from data submitted by service providers and the application of the *Extended Employment Program Compliance Examination Standards* for the period July 1, 2011 through June 30, 2012.

The Department sought input to the audit standards from EE providers and the Audit Standards Workgroup, an ad hoc committee of executive and financial directors, independent auditors and Department staff, designed to effect positive change through a quality improvement process. The draft standards were approved and posted to the EE website on May 8, 2012.

The objective of the independent auditor's examination procedures, applied to [management's assertion](#) about the entity's compliance with specific EE requirements, is to express an opinion about whether management's assertion is fairly stated in all material respects based on agreed upon criteria. The scope does not include the auditor's opinion on internal control over compliance.

Examinations are conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and include examining, on a test basis, evidence about compliance.

In an effort to reduce the cost of the examination to community rehabilitation providers who directly incur the expense, respond to auditors' requests for more direction, and establish greater uniformity in the testing and reporting of compliance, suggested testing protocol was included in the published standards. These tests were not required and auditors could use their professional judgment in determining whether or not the suggested procedures were sufficient to issue an opinion on compliance.

The funding unit of distribution of extended employment program funding is the payment for one work hour<sup>1</sup> performed by an eligible worker and reported to the extended employment program. Therefore, variances are reported as questioned work hours and may be disallowed by the Department, requiring the repayment of grant funds after a final contract adjustment process and due process appeal period.

Information and analysis within this report is limited to the data reported by the community rehabilitation providers (CRPs) funded, and should not be misconstrued as representing the comprehensive ongoing employment support system. Although some CRPs provide ongoing employment support services in excess of their EE performance-based contract requirements, there is no obligation to report, or uniformity in the reporting of unfunded services to the State.

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<sup>1</sup> Minnesota Rules, 3300.2005, Subpart 37. Work hours means hours for which a worker performs paid work, including hours of paid holidays, paid sick, paid vacation, and other paid leave. A work hour is the basic funding unit for allocating extended employment program funds.

## **Program Purpose**

The mission of extended employment for persons is to provide the ongoing employment support services necessary to maintain and advance the employment of persons with a most severe disability. Employment shall encompass the broad range of employment choices available to all persons and promote an individual's self-sufficiency and financial independence. *Minn. Stat. 268A.15, subd. 2.*

## **Powers and Duties**

DEED is authorized by Minnesota Statute 268A, Vocational Rehabilitation, to administer the Extended Employment (EE) Program. The commissioner certifies rehabilitation facilities to offer extended employment programs, grants funds to the extended employment programs, and performs the duties specified in section 268A.15. *Minn. Stat. 268A.03.*

DEED administers the EE program through the Vocational Rehabilitation Services (VRS) and employs staff to administer this section and is empowered to accept and receive funds from non-state sources for the purpose of implementing this section. *Minn. Stat. 268A.15, subd. 1.*

The commissioner shall adopt rules on an individual's eligibility for the extended employment program, the certification of rehabilitation facilities, and the methods, criteria, and units of distribution for the allocation of state grant funds to certified rehabilitation facilities. In determining the allocation, the commissioner must consider the economic conditions of the community and the performance of rehabilitation facilities relative to their impact on the economic status of workers in the extended employment program. *Minn. Stat. 268A.15, subd. 3.*

The commission shall evaluate the extended employment program to determine whether the purpose of extended employment as defined in subdivision 2 is being achieved. The evaluation must include information for the preceding funding year derived from the independent compliance audits of extended employment service providers submitted to the department on or before October 31 of each year. The evaluation must include an assessment of whether workers in the extended employment program are satisfied with their employment. A written report of this evaluation must be prepared at least every two years and made available to the public. *Minn. Stat. 268A.15, subd. 4.*

Within available resources, the EE Program provides technical assistance to rehabilitation facilities. *Minn. Stat. 268A.15, subd. 5.*

The commissioner may provide innovation and expansion grants to rehabilitation facilities to encourage the development, demonstration, or dissemination of innovative business practices, training programs and service delivery methods.... *Minn. Stat. 268A.15, subd. 6.*

## **Administrative Rules**

The Department promulgated administrative rules for the EE Program, Minnesota Chapter 3300.2005 through 3300.2055, effective July 1, 1998.

## **Program and Service Descriptions**

**Extended employment (EE) program** means an employment program which provides the ongoing employment support services necessary to maintain and advance the employment of individuals with severe disabilities by providing work in center-based employment, community employment, or supported employment subprograms. *Minn. R. 3300.2005, subpart 15.*

- **Supported employment (SE)** means *competitive employment*<sup>2</sup> in an *integrated setting*<sup>3</sup> with ongoing employment support services for individuals with the most severe disabilities for whom competitive employment has not traditionally occurred or for whom competitive employment has been interrupted or intermittent as a result of a severe disability; and who, because of the nature and severity of their disabilities, need intensive ongoing employment support services from the designated state unit and extended services after transition in order to perform this work; or *transitional employment*<sup>4</sup> for individuals with the most severe disabilities due to mental illness. *Minn. R. 3300.2005, subpart 35.*
- **Community employment (CE)** is paid work in the community requiring intensive ongoing employment support services that does not meet the definition of supported employment only because the worker is paid less than minimum wage or the employment does not meet the criteria of an integrated setting, or the worker is compensated at or above the minimum wage but below the customary wage paid by the employer for the same or similar work performed by individuals without a disability. *Minn. R. 3300.2005, subpart 10.*
- **Center-based employment (CBE)** means employment which provides paid work on the premises of an extended employment provider and training services or other services necessary for employment on or off the premises of an extended employment provider<sup>5</sup> to persons who, because of the nature and severity of their disabilities, need intensive ongoing employment support services funded by the state unit in order to work. *Minn. R. 3300.2005, subpart 6.*

**Ongoing employment support services** means any of the following services identified in the worker's extended employment support plan as related to a worker's limitations in functional areas and that are necessary to maintain and advance the worker's employment: (a) facilitation of natural supports at the work site; (b) rehabilitation technology, job redesign, or environmental adaptations; (c) disability awareness training for the worker, or the worker's employer, supervisor, or coworkers, and other services to increase the worker's inclusion at the worksite; (d) job skill training at the work site; (e) regular observation or supervision of the worker; (f) behavior management; (g) coordination of support services; (h) job-related safety training; (i) job-related self-advocacy skills training to advance employment; (j) training in independent living skills, such as: money management, grooming and personal care, social skills, orientation and mobility, using public transportation or driver's training; (k) communication skills training such as sign language training, Braille, speech reading, use of communication devices or other adaptive methods for the worker, or the worker's employer, supervisor, or coworkers; (l) follow-up services such as regular contact with the worker's employer, supervisor, or coworkers, the worker's parents, family members, advocates, or legal representatives of the worker; and other suitable professional and informed advisors, in order to reinforce and stabilize the job placement; (m) training in job seeking skills; (n) career planning, job development, or job placement to advance in employment; (o) transitional employment services; and (p) any other service that is similar to the services in items A to O, that is identified in the worker's extended employment support plan, and that is needed to maintain or advance the employment of a worker in the extended employment program. *Minn. R. 3300.2005, subp. 31.*

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<sup>2</sup> Competitive employment; Minn. R. 3300.2005, subp. 9.

<sup>3</sup> Integrated setting; Minn. R. 3300.2005, subp. 25.

<sup>4</sup> Transitional employment; Minn. R. 3300.2005, subp. 36.

<sup>5</sup> Extended employment provider; Minn. R. 3300.2005, subp. 16.

## Cost-Benefit Considerations

### Legislative Appropriation

The EE program is funded by a State appropriation from the Workforce Development and General funds. Administration funded 2.83 and .23 full-time equivalents for program staff, and the department's Fiscal and Business Information Technology units, respectively.

SFY12	General Fund	WFD Fund	Total
Administration (3.06 FTEs)	\$ 379,000		\$ 379,000
Advocating Change Together	35,000		35,000
Wage Incentive	125,000		125,000
<b>Extended Employment</b>	<b>4,706,000</b>	<b>6,830,000</b>	<b>11,536,000</b>
Grants	\$ 4,866,000	\$ 6,830,000	\$11,696,000
Total Appropriation	\$ 5,245,000	\$ 6,830,000	\$12,075,000

### Extended Employment Program Results

Nearly five thousand Minnesotans with a most severe disability were reported to have received the ongoing employment supports necessary to add nearly four million work hours to the state's productive capacity, earning over \$26 million in personal income. To compare these outcomes across Minnesota's network of service providers see pages 24-26.

SFY12 Outcomes	Total	<u>Supported Employment</u>	<u>Community Employment</u>	<u>Center-based Employment</u>
Workers <sup>6</sup>	4,969	2,348	2,297	2,617
Work hours	3,998,808	1,524,018	1,016,112	1,458,679
Wages paid	\$ 26,354,790	\$ 15,247,938	\$ 5,625,686	\$ 5,481,165
Average hourly wage	\$ 6.59	\$ 10.01	\$ 5.54	\$ 3.76
Average weekly hours	15.5	12.5	8.5	10.7

### Return on Investment

For each state dollar invested, program participants earn more than \$2, increasing financial independence and reducing dependency on public support systems.

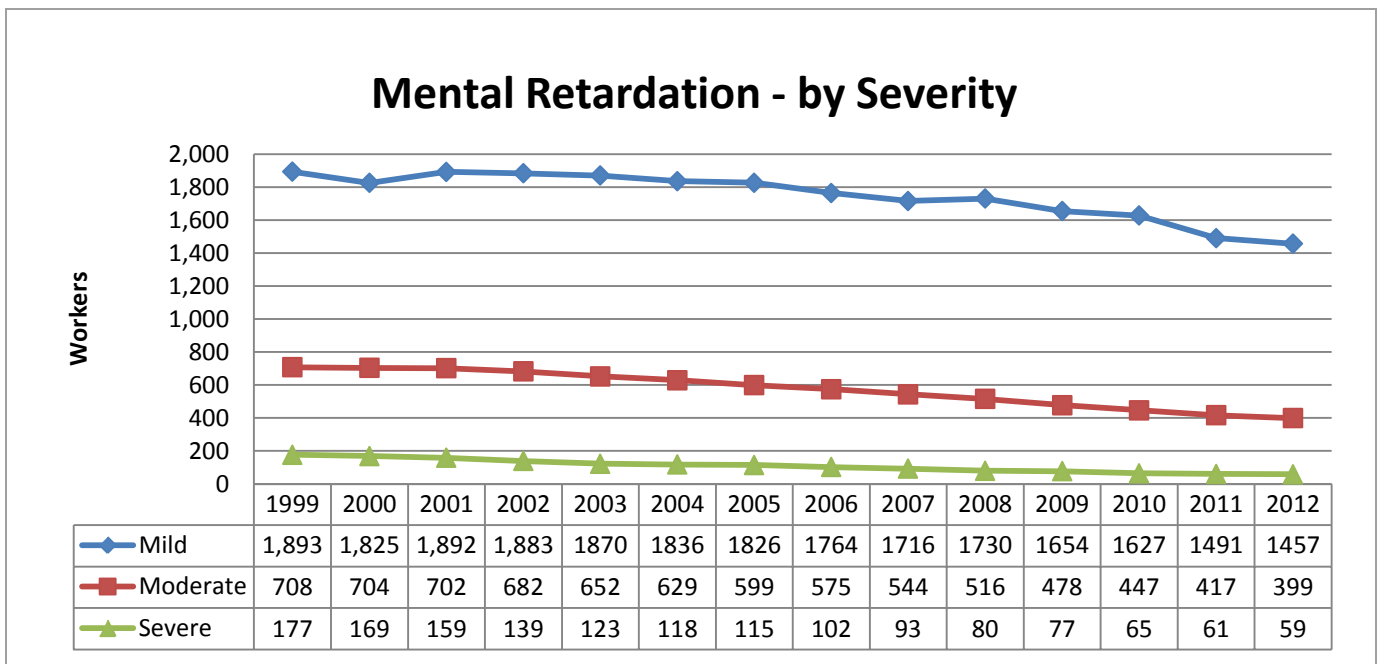
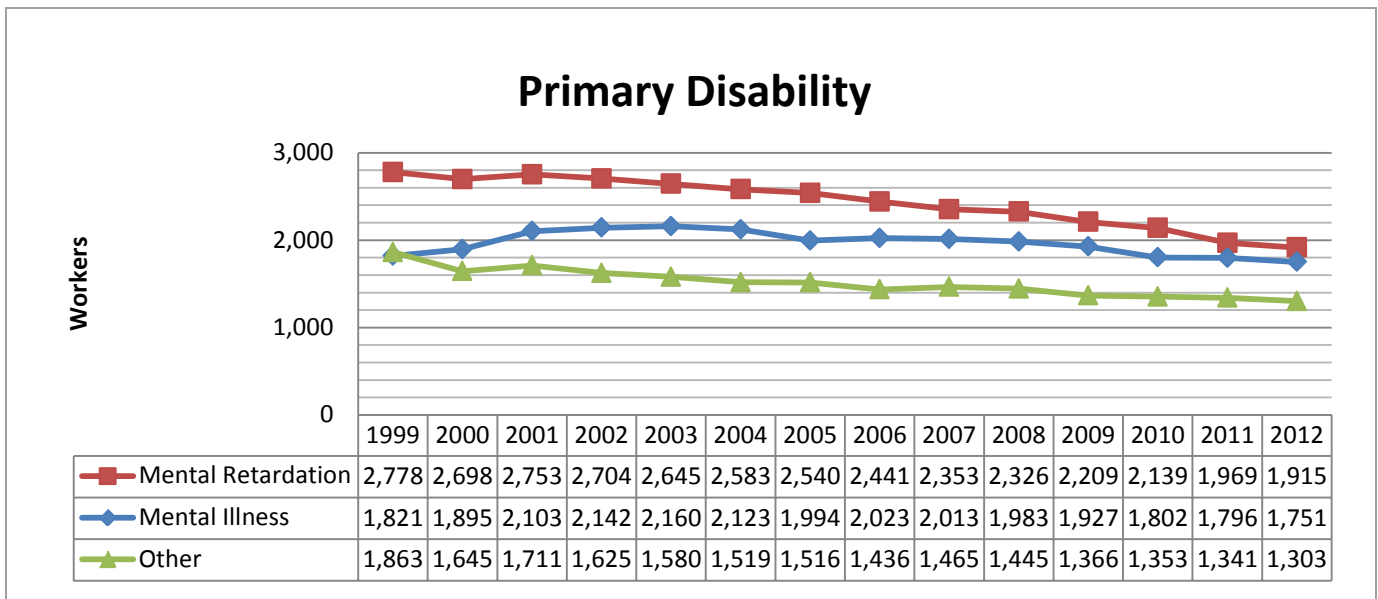
SFY	Appropriation	Workers	Cost per Worker	Wages	Income per Worker	=	ROI
2012	12,075,000	4,969	2,430	26,354,790	5,304	=	218%
2011	12,075,000	5,106	2,365	25,786,413	5,050	=	214%
2010	12,435,000	5,294	2,349	25,498,475	4,816	=	205%
2009	12,569,000	5,506	2,283	25,765,038	4,679	=	205%

<sup>6</sup> Subprogram counts are duplicative as workers may engage in multiple subprograms during the year.

## Minnesotans Served

*Extended employment worker* means an individual with a most severe disability<sup>7</sup> those results in serious limitations in three or more functional areas that affect employment, who requires and receives ongoing employment support services over an extended period of time to maintain and advance in employment, and who is reported to the department by the provider during the contract period. *Minn. R. 3300.2005, subp. 18.*

The most frequently reported primary disabilities of EE workers are mental retardation and mental illness, each more frequent than all other primary disabilities combined.



<sup>7</sup> Individual with a most severe disability; Minn. R. 3300.2005, subp. 22



# Performance-based Funding System

The [program purpose](#) is “to provide the ongoing employment support services necessary to maintain and advance the employment of persons with severe disabilities...” Therefore, the primary measure of success is continued employment and the measurement unit is an hour of work.

**Work hours** means hours for which a workers performs paid work, including hours of paid holidays, paid sick, paid vacation, and other paid leave. A work hour is the basic funding unit for allocating extended employment program funds. *Minn. R. 3300.2005, subpart 37.*

Extended employment providers are paid for each work hour performed by an eligible worker and reported to the Extended Employment (EE) program. The unit of distribution of extended employment program funding is the payment for one work hour performed by an eligible worker and reported to the department in the extended employment program. *Minn. R. 3300.2035, subpart 1.*

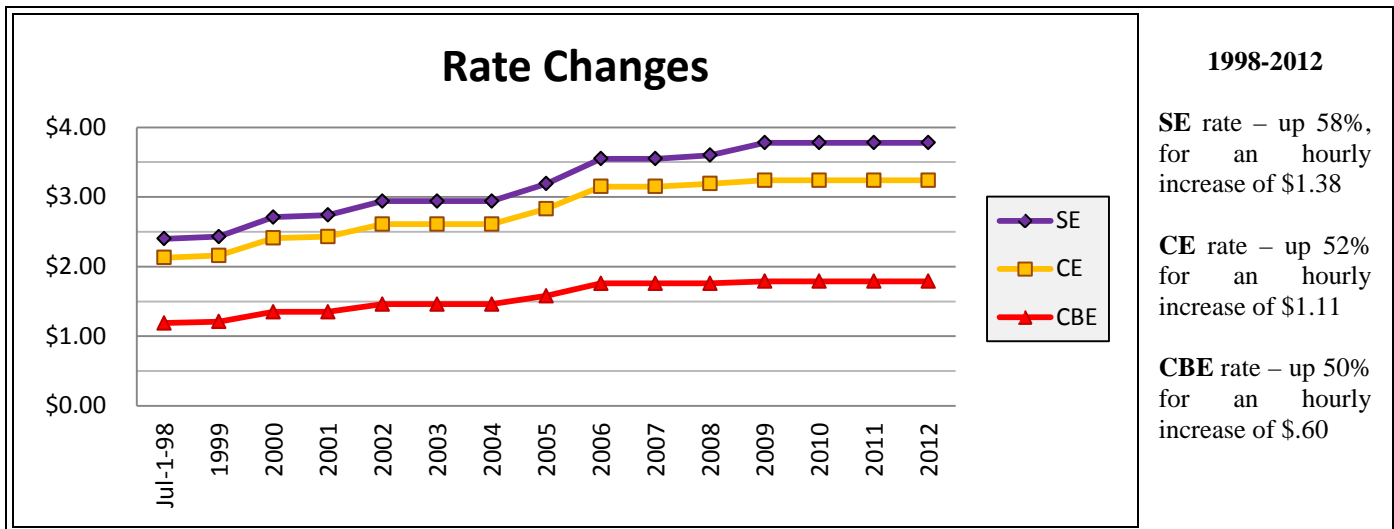
**Extended employment provider** means a rehabilitation facility<sup>8</sup> certified by the commissioner under Minn. Rules 3300.2010 to provide center-based, community, or supported employment.

## Statewide Uniform Rates

Extended Employment providers are reimbursed for each reported hour of work performed by EE workers in supported, community and center-based employment at the current statewide rate, up to contract maximums.

State law requires, “*Employment must encompass the broad range of employment choices available to all persons and promote an individual’s self-sufficiency and financial independence.*” To this end, the department established a statewide uniform rate<sup>9</sup> for each subprogram recognizing varying levels of consumer control, community integration, and the historical earning capacity by employment models. The table compares changes in the statewide uniform reimbursement rates.

Statewide Uniform Rates			
Date	Supported Employment	Community Employment	Center-based Employment
July 1, 1998	\$ 2.40	\$ 2.13	\$ 1.19
SFY 1999	\$ 2.43	\$ 2.16	\$ 1.21
SFY 2000	\$ 2.71	\$ 2.41	\$ 1.35
SFY 2001	\$ 2.74	\$ 2.43	\$ 1.35
SFY 2002	\$ 2.94	\$ 2.61	\$ 1.46
SFY 2005	\$ 3.19	\$ 2.83	\$ 1.58
SFY 2006	\$ 3.55	\$ 3.15	\$ 1.76
SFY 2008	\$ 3.60	\$ 3.19	\$ 1.76
SFY 2009	\$ 3.78	\$ 3.24	\$ 1.79
SFY 2012	\$ 3.78	\$ 3.24	\$ 1.79



<sup>8</sup> Rehabilitation facility; Minn. R. 3300.2005, Subpart 34.

<sup>9</sup> Statewide uniform rates; Minn. R. 3300.2035, Subpart 6.

## **Two Funds to Manage Resources**

The *Community Support Fund* (CSF) is used to manage the dollars allocated for ongoing employment support services provided to workers in community employment settings. Services funded support workers in the community employment and supported employment subprograms. For the year ending June 30, 2012 the Department established CSF contracts totaling \$9,316,094 with certified EE providers.

The *Center Based Fund* (CBF) is used to manage the dollars allocated for ongoing employment support services to workers performing paid work on premises owned or operated by an EE provider. For the year ending June 30, 2012 the Department established CBF contracts totaling \$2,391,538 with certified EE providers.

## **Fund Distribution Method**

For each state fiscal year, the department determines the statewide allocation to each fund according to Minnesota Rules, 3300.2035, subpart 7:

*From the state appropriation, the department reserves for the CSF an amount of dollars equal to the sum of the allocations for the starting point for all providers with contracts and making application for funding.*

*From the state appropriation, the department reserves from the CBF an amount of dollars equal to (a) the sum of the allocations for the starting point for all providers with contracts and making application, less (b) any allocation withheld resulting from the request for proposals process, multiplied by the statewide uniform rate for center-based employment. However, no statewide allocation of extended employment funds to the center-based fund shall exceed \$4,279,000, the funding allocation for center-based employment in state fiscal year 1997.*

*Adjustments to the statewide allocation may be made based on shifts of dollars from the center-based fund to the community support fund as requested by providers. Shifts will be adjusted at the starting point for each provider requesting shifts.*

*The remainder of the state appropriation will be subject to distribution according to the department's application and guidelines for funding.*

## **Wage Level Incentive Bonus**

*All funds not paid out to providers as a result of underproduction and all funds repaid to the department by providers as the result of final audit adjustments must be used as a performance fund for extended employment providers whose workers' wages meet or exceed the federal minimum wage. The incentive fund must be distributed to each extended employment provider based on the proportionate share of hours of work where the statutory minimum or a higher wage was paid. The ratio is the provider's hours divided by the total hours meeting minimum wage reported by all extended employment providers. The incentives are calculated and paid separately for the center-based and the community support fund.*

[Minnesota Rules, 3300.2045]

## SFY12 Contracted Allocations

\$11,536,000 was appropriated for SFY12; \$11,551,000 for SFY11; reductions of \$25,000 and \$353,000 respectively, with authorizing language: *Not withstanding MN rules, 3300.2030 to 3300.2055, the commissioner may adjust contracts with eligible EE providers in order to achieve required reductions through June 30, 2013.* Given the challenge of securing work for persons served during the recession, steps were taken to mitigate the immediate impact by using unallocated/unearned Wage Incentive funds to hold provider contracts at SFY10 levels despite legislated reductions and provider performance for two years: July 1, 2010 through June 30, 2012.

Provider	Community Support Fund		Center-based Fund		Total Contract
	Base	New/Exp <sup>10</sup>	Base	New/Exp	
Mankato Rehabilitation Center	1,208,080	0	581,202	0	1,789,282
Rise	789,367	0	75,220	0	864,587
Ability Building Center	623,133	0	227,731	0	850,864
Occupational Development Ctr	551,083	0	273,019	0	824,102
Tasks Unlimited	759,664	0	0	0	759,664
Cedar Valley Services	489,151	0	243,908	0	733,059
Productive Alternatives	554,560	0	121,678	0	676,238
Opportunity Partners	640,291	0	0	0	640,291
West Central Industries	395,911	0	119,056	0	514,967
Winona ORC Industries	381,078	0	107,724	0	488,802
ProAct	343,805	0	129,944	0	473,749
Functional Industries	300,419	0	103,152	0	403,571
Goodwill Industries Voc. Ent.	160,328	0	191,723	0	352,051
Opportunity Services	314,190	0	0	0	314,190
Lifetrack Resources	265,673	0	0	0	265,673
Hope Haven	0	113,926	0	101,364	215,290
Resource	207,970	0	0	0	207,970
Goodwill/Easter Seals	196,001	0	0	0	196,001
Courage Center	176,187	0	0	0	176,187
AccessAbility	123,558	0	45,283	0	168,841
Hennepin County VSP	143,415	0	0	0	143,415
KCQ	132,695	0	0	0	132,695
Jewish Family/Children Svc	111,104	0	0	0	111,104
Service Enterprises	105,309	0	0	0	105,309
Industries	57,554	0	44,794	0	102,348
WACOSA	90,634	0	6,659	0	97,293
Midwest Special Services	34,112	0	19,081	0	53,193
The Rising Phoenix	46,896	0	0	0	46,896
Subtotal (n=28)	\$ 9,202,168	\$ 113,926	\$ 2,290,174	\$ 101,364	\$ 11,707,632
Fund Total	\$ 9,316,094		\$ 2,391,538		\$ 11,707,632

<sup>10</sup> New or expanded programs (M. Rules, 3300.2030) are: Hope Haven through June 30, 2013.

## SFY12 Center-based Funds Earned

Eight (8) providers earned their contracted allocations for state fiscal year 2012, and two (2) providers came within 5%. Those ten (10) providers: (a) were entitled to 2013 contracts at 2012 levels, and (b) were eligible to apply for new/expanded funds, if the total underproduction reached 1% of the CBF allocation and the Department issued a Request-for-proposals (RFP) for Center-based Employment.

Industries, Inc. terminated its Extended Employment Program contract with DEED February 15, 2012.

Under-production contributed \$149,323 to the CBF Wage Incentive bonus to be distributed to providers based on their proportionate share of the highest wages earned by workers, at or above minimum, from July 1, 2011 through June 30, 2012.

Providers	Accepted CBE Hours	Value of Reported Hours	CBF Contracted Allocation	Under Production	% Under Production
Productive Alternatives	125,511	224,665	121,678		85%
Rise	66,642	119,289	75,220		59%
Midwest Special Service	15,075	26,985	19,081		41%
Goodwill Industries Vocational Enterprises	148,235	265,341	191,723		38%
Mankato Rehabilitation Center	395,317	707,617	581,202		22%
WACOSA	4,034	7,220	6,659		8%
Occupational Development Center	160,399	287,115	273,019		5%
AccessAbility	26,153	46,814	45,283		3%
Functional Industries	56,913	101,875	103,152	(1,277)	-1%
Ability Building Center	121,635	217,727	227,731	(10,004)	-4%
West Central Industries	60,767	108,773	119,056	(10,283)	-9%
ProAct	64,491	115,440	129,944	(14,504)	-11%
Hope Haven (N/E)	46,342	82,952	101,364	(18,412)	-18%
Cedar Valley Services	107,081	191,675	243,908	(52,233)	-21%
Winona ORC	46,461	83,164	107,724	(24,560)	-23%
Industries	14,941	26,744	44,794	(18,050)	-40%
Total (n=16)	\$1,459,997	\$2,613,396	\$2,391,538	(\$149,323)	

## SFY12 Community Support Funds Earned

Thirteen (13) providers earned their contracted allocations, and three (3) came within 5%. Those sixteen (a) were entitled to 2013 contracts at 2012 levels, and (b) were eligible to compete for \$575,250 in new/expanded funds issued under the Department's SFY13 Request-for-Proposals. Industries, Inc. terminated its Extended Employment Program contract February 15, 2012.

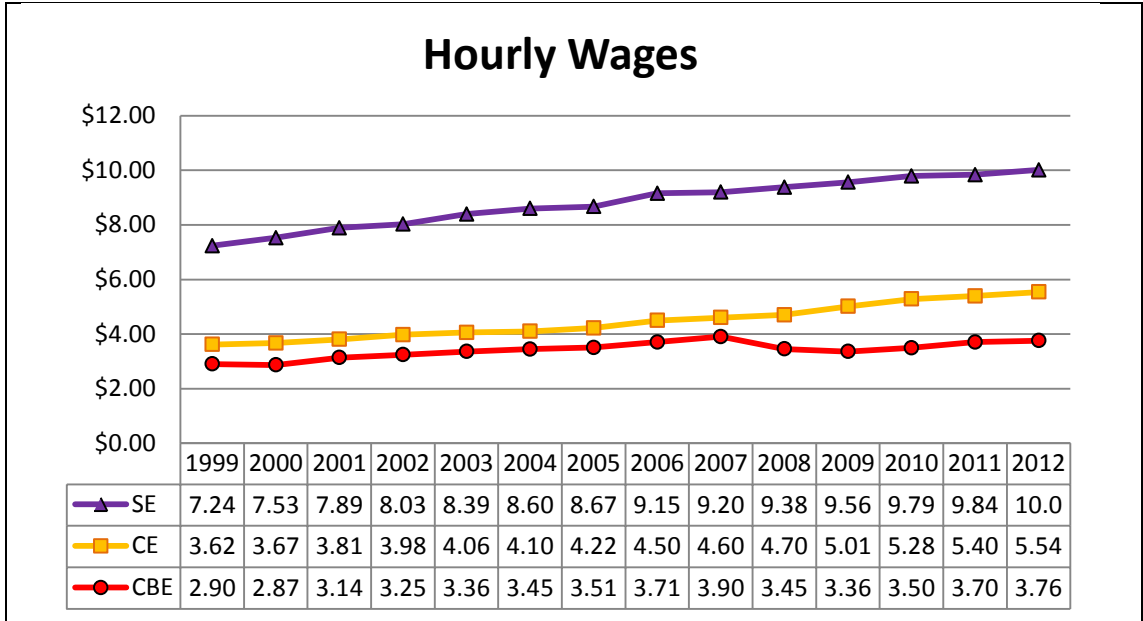
Under-production contributed \$913,136 to the CSF Wage Incentive bonus to be distributed to providers based on their proportionate share of the highest wages earned by workers, at or above minimum, from July 1, 2011 through June 30, 2012.

Providers	Accepted Hours		Value of Accepted Hours	CSF Contract	Under Production	+/- Contract
	SE	CE				
Goodwill - Easter Seals	93,485	0	\$ 353,373	\$ 196,001		80%
Functional Industries	20,368	100,711	\$ 403,292	\$ 300,419		34%
Hennepin County VSP	50,754	0	\$ 191,850	\$ 143,415		34%
WACOSA	22,148	10,740	\$ 118,515	\$ 90,634		31%
Tasks Unlimited	234,236	10,787	\$ 920,364	\$ 759,664		21%
Opportunity Services	52,119	54,170	\$ 372,520	\$ 314,190		19%
Midwest Special Service	6,414	4,982	\$ 40,386	\$ 34,112		18%
Jewish Vocational Services	34,348	0	\$ 129,836	\$ 111,104		17%
AccessAbility	17,190	22,902	\$ 139,180	\$ 123,558		13%
Lifetrack Resources	77,524	0	\$ 293,040	\$ 265,673		10%
Rise	139,686	88,273	\$ 814,019	\$ 789,367		3%
Resource	55,812	0	\$ 210,969	\$ 207,970		1%
KCQ	21,038	16,799	\$ 133,954	\$ 132,695		1%
Goodwill Ind. Voc. Enterprise	25,440	19,490	\$ 159,311	\$ 160,328	\$ (1,017)	-1%
Ability Building Center	86,356	89,922	\$ 617,774	\$ 623,133	\$ (5,359)	-1%
Courage Center	46,058	0	\$ 174,099	\$ 176,187	\$ (2,088)	-1%
Occupational Development Center	48,110	101,434	\$ 510,500	\$ 551,083	\$ (40,583)	-7%
Winona ORC Industries	43,575	55,443	\$ 344,349	\$ 381,078	\$ (36,729)	-10%
Productive Alternatives	78,243	54,602	\$ 472,668	\$ 554,560	\$ (81,892)	-15%
Mankato Rehabilitation Center	169,380	118,741	\$ 1,024,976	\$ 1,208,080	\$ (183,104)	-15%
Opportunity Partners	137,507	6,713	\$ 541,529	\$ 640,291	\$ (98,762)	-15%
Hope Haven	6,791	19,984	\$ 90,418	\$ 113,926	\$ (23,508)	-21%
West Central Industries	25,651	65,339	\$ 308,660	\$ 395,911	\$ (87,251)	-22%
Service	2,072	22,118	\$ 79,493	\$ 105,309	\$ (25,816)	-25%
ProAct	22,807	49,392	\$ 246,241	\$ 343,805	\$ (97,564)	-28%
Cedar Valley Services	4,645	91,789	\$ 314,954	\$ 489,151	\$ (174,197)	-36%
The Rising Phoenix	4,235	3,867	\$ 28,537	\$ 46,896	\$ (18,359)	-39%
Industries	1,340	4,810	\$ 20,649	\$ 57,554	\$ (36,905)	-64%
<b>Total (n = 28)</b>	<b>1,527,332</b>	<b>1,013,008</b>	<b>\$9,055,456</b>	<b>\$9,316,094</b>	<b>\$ (913,136)</b>	

# Program Trends and Analysis

## Hourly Wages and Annual Incomes of Workers

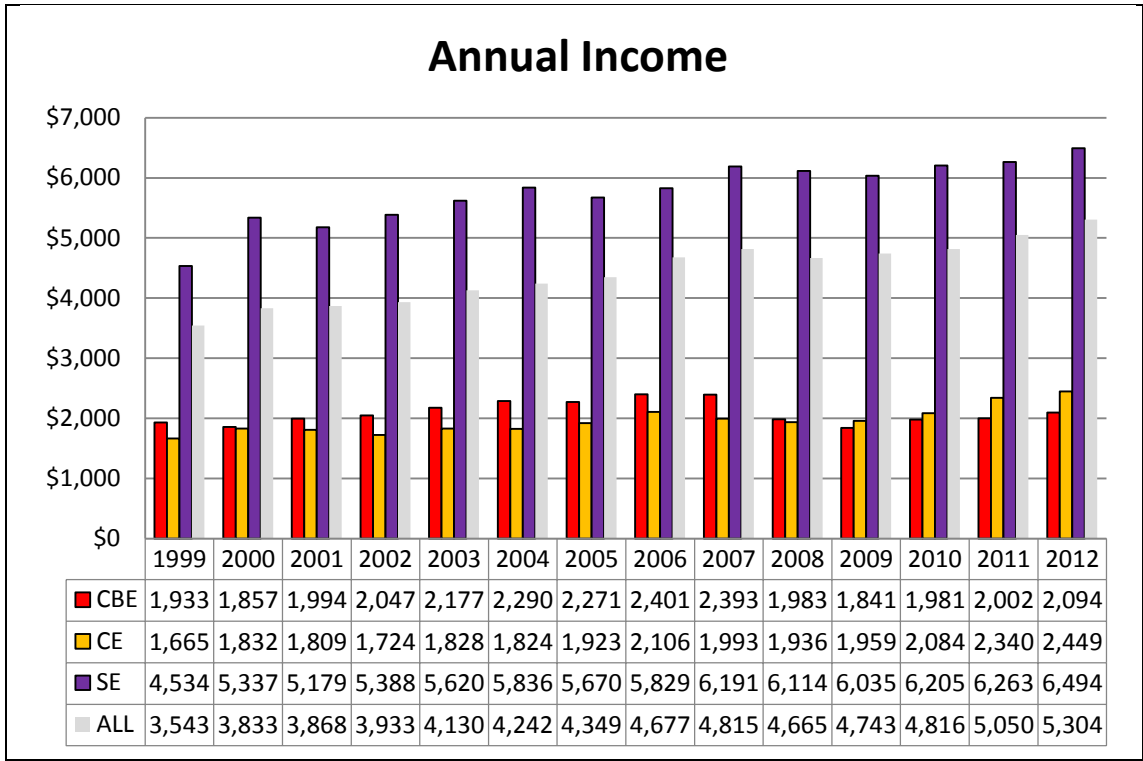
The tables compare the most widely accepted outcome of employment, personal income, and how it has changed over the past fourteen years for the average EE worker in different employment settings.



2012 **CBE** average wage was \$3.78, up \$.86 since 1999.

2012 **CE** average wage was \$5.54, up \$1.92 (53%).

2012 **SE** average wage was \$10.01, up \$2.77 (38%) since 1999.



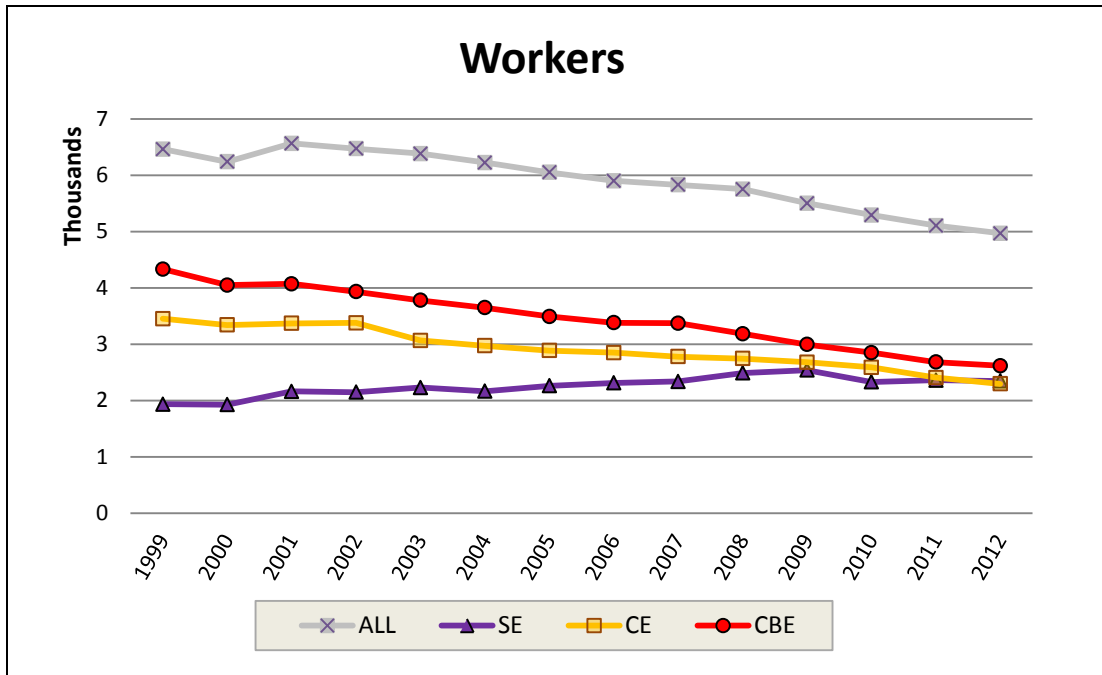
Workers' average annual income from **CBE** has increased by \$161 (8%) in 14 years.

Income in **SE** increased by \$1,960 (43%); and **CE** by \$784 (47%).

**ALL** is total wages divided by total workers.

## Workers, Hours and Wage Comparisons

Provider-reported data, collected since the implementation of the EE performance-based funding system provides a unique perspective of program trends over time.

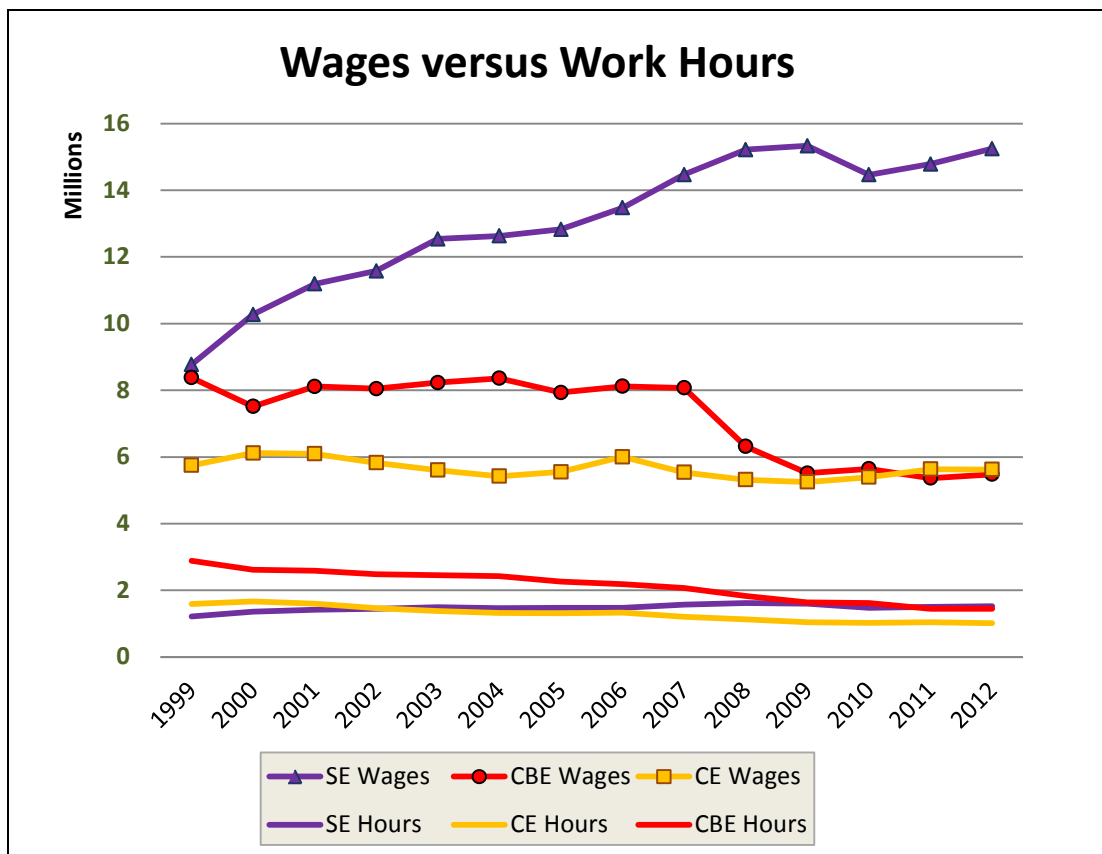


**ALL** is an unduplicated count. The program is down 1,493 workers (23%) since 1999.

**CBE** is down 40% (1,716 workers)

**CE** is down 33% (1,155 workers)

**SE** is the only model to show growth at 21% (414 workers).

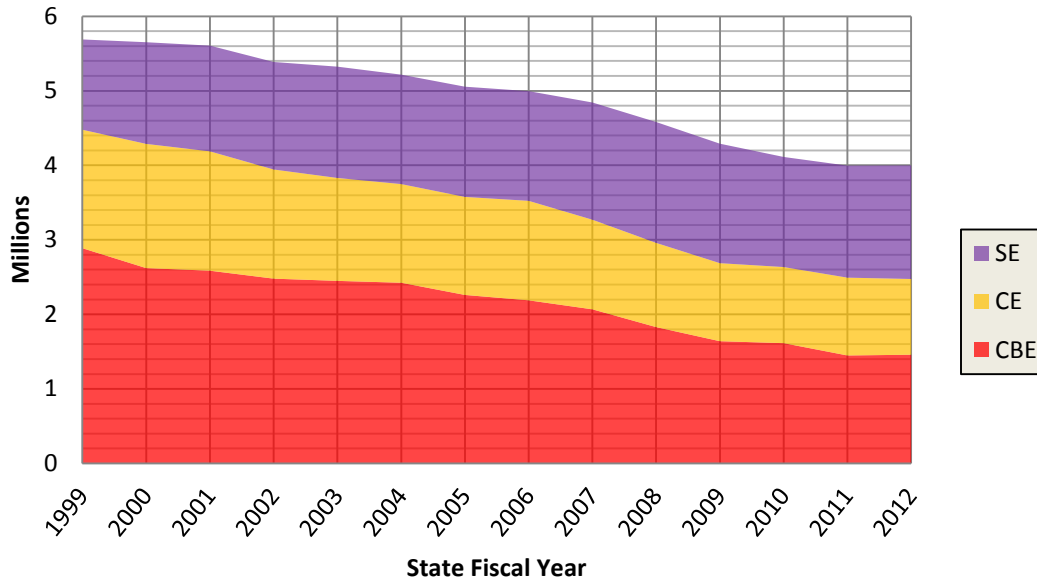


**SE** workers benefit from increasing incomes, despite relatively stable numbers of workers and work hours.

**CBE** wages appear least recession-proof. In 2008 workers lost \$1.7 million wages (22%), markedly dis-proportionate to the 5% reduction in workers and 11% in work hours.

**CE** wages appear positively affected by the recession.

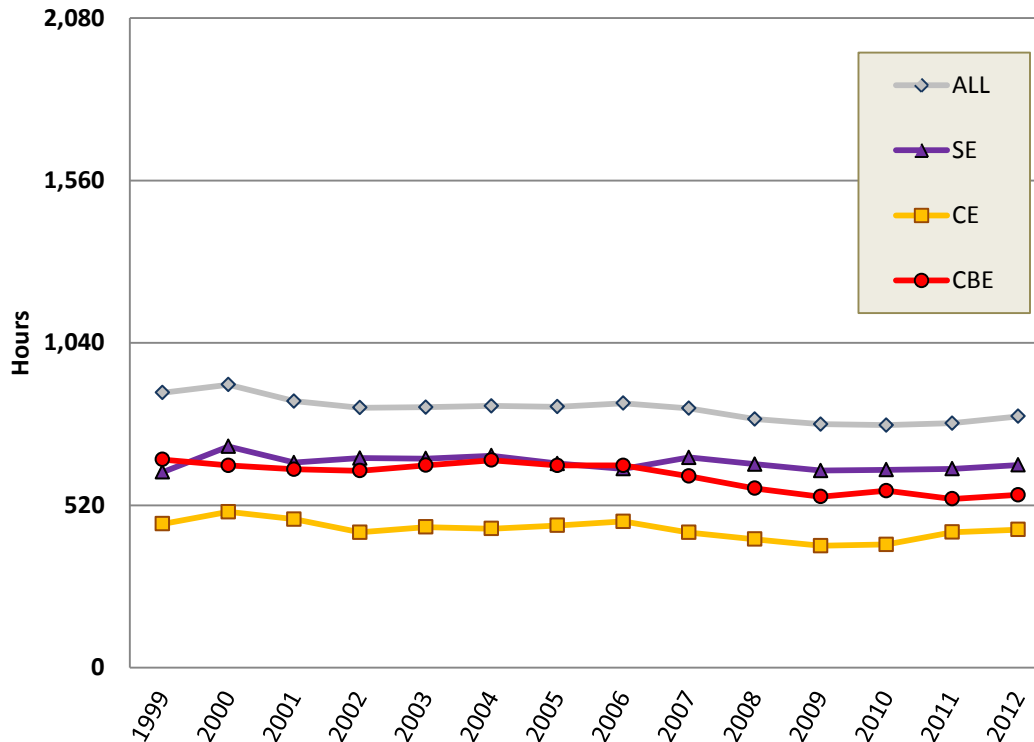
## Work Hours



The change in work hours is relatively consistent with the change in workers.

The largest change occurring in CBE, down 1.7 million hours from 1999.

## EE Work Hours v. Full-time Employment (Annual Average Per Worker)



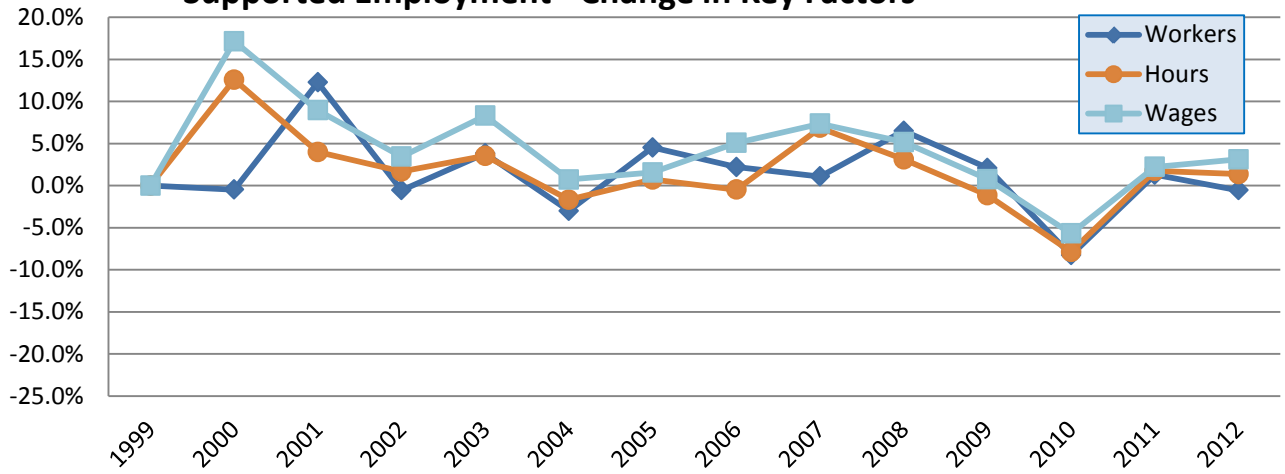
ALL is the unduplicated number of hours across all settings.

The average annual work hours have dropped by 40 hours (9%) since 1999.

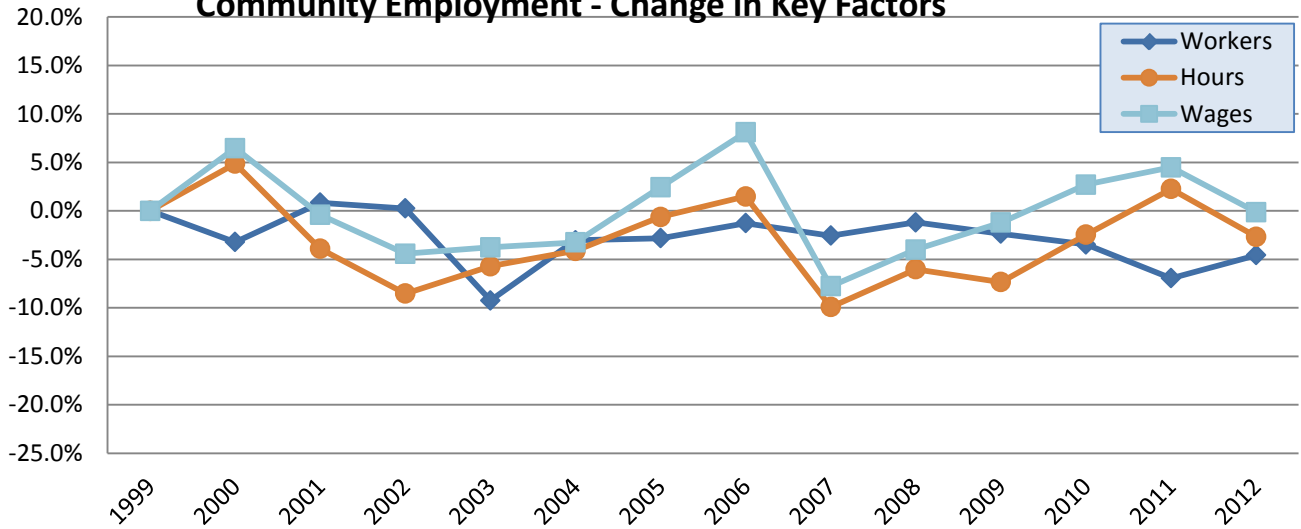
The average EE worker is employed less than half-time (800 hrs/yr) in ALL settings.



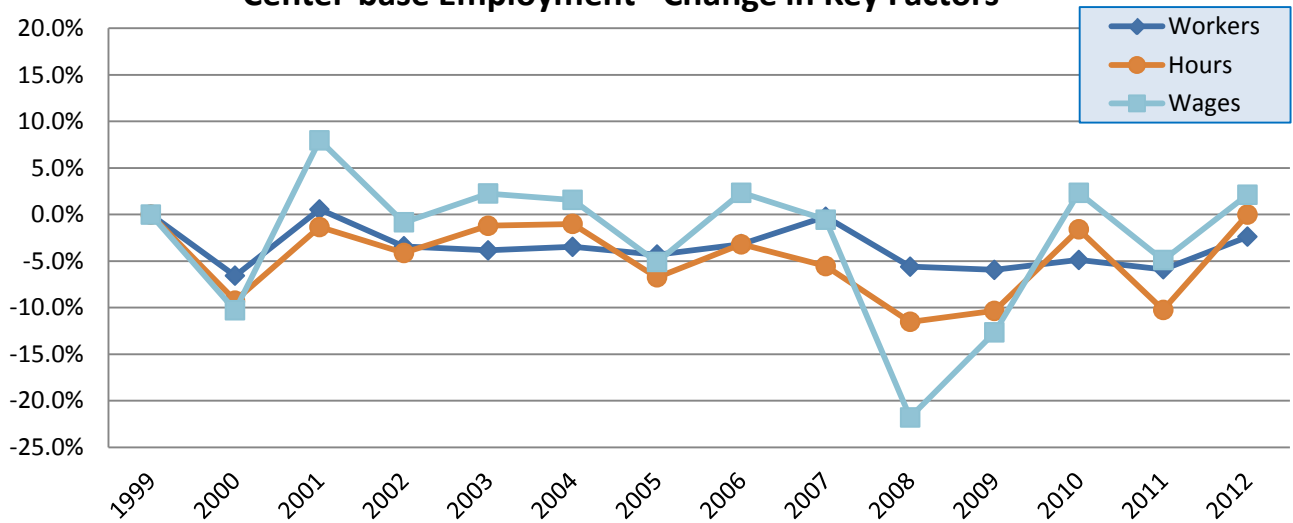
**Supported Employment - Change in Key Factors**



**Community Employment - Change in Key Factors**

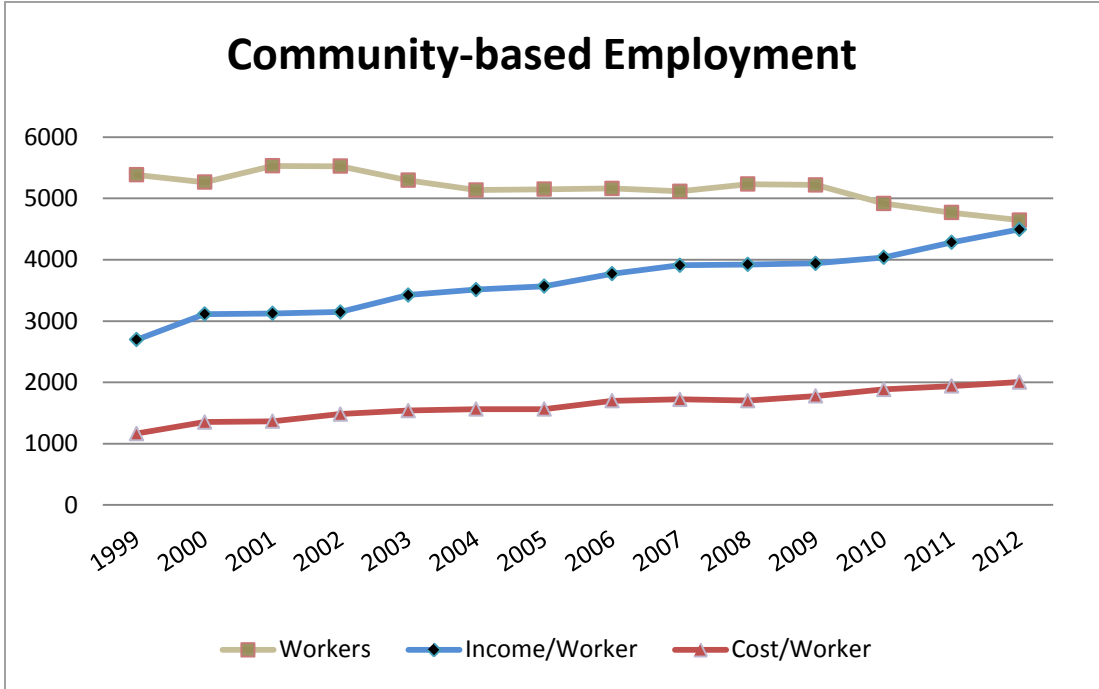


**Center-base Employment - Change in Key Factors**



## 1999 – 2012 Cost-Benefit Comparisons

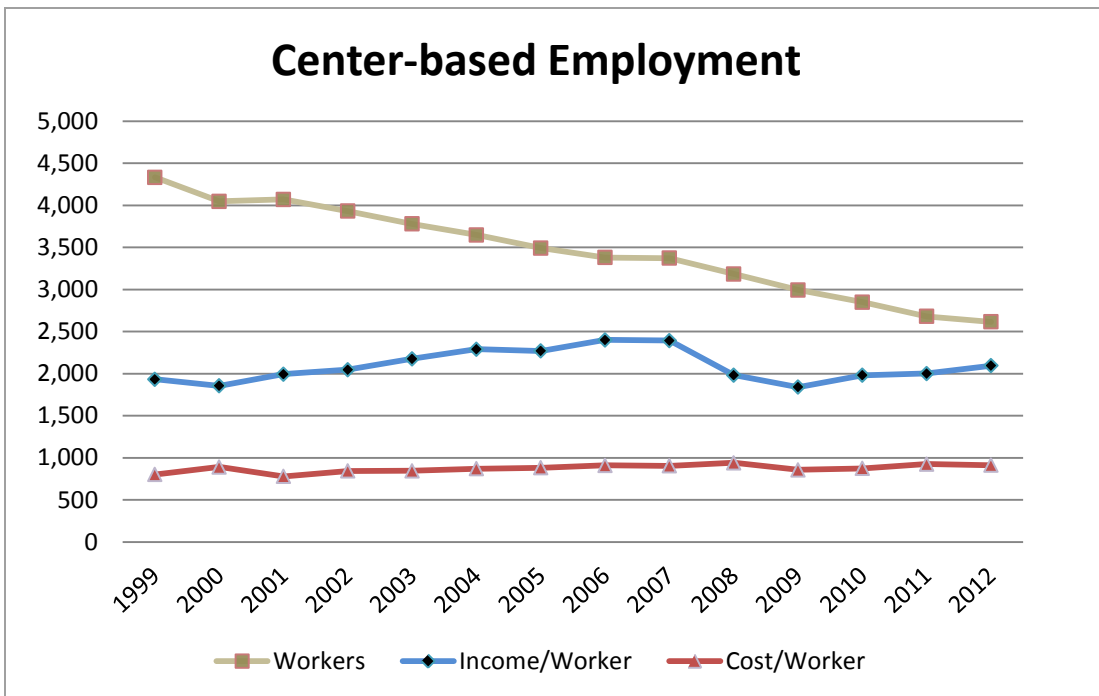
The charts use the annual summary data (page 18) to compare costs and benefits of services in community-based and center-based work settings.



*Community-based employment includes supported and community employment.*

*Income/Worker is total wages divided by the number of workers, and results in the average annual income from work... a benefit of the program.*

*Cost/Worker is the total allocations for EE services divided by the number of EE workers.*



*The personal income of workers in community-based settings is significantly greater than the benefits to workers in center-based employment. It also appears to offer a greater return on public dollars and a steadily increasing positive trend.*

## 1999 – 2012 Community Support and Center-based Fund Comparisons

Community Support Fund							
Year	Workers	Hours	Wages	EE Grants	Cost Per Worker	Income per Worker	ROI
1999	5,386	2,801,356	14,517,493	6,270,927	1,164	2,695	232%
2000	5,266	3,030,952	16,391,964	7,114,258	1,351	3,113	230%
2001	5,530	3,020,158	17,285,293	7,545,870	1,365	3,126	229%
2002	5,526	2,907,272	17,401,373	8,190,435	1,482	3,149	212%
2003	5,296	2,874,456	18,142,762	8,150,869	1,539	3,426	223%
2004	5,136	2,792,314	18,051,337	8,035,758	1,565	3,515	225%
2005	5,150	2,794,439	18,380,142	8,052,184	1,564	3,569	228%
2006	5,163	2,807,047	19,480,028	8,776,086	1,700	3,773	222%
2007	5,115	2,775,473	20,004,342	8,805,607	1,722	3,911	227%
2008	5,234	2,751,908	20,531,067	8,904,392	1,701	3,923	231%
2009	5,221	2,650,301	20,583,788	9,284,302	1,778	3,942	222%
2010	4,918	2,498,479	19,855,364	9,267,058	1,884	4,037	214%
2011	4,768	2,547,490	20,419,940	9,246,748	1,939	4,283	221%
2012	4,645	2,540,130	20,873,624	9,316,094	2,006	4,494	224%
Ave	5,168	2,778,841	18,708,466	8,354,328	1,626	3,640	224%

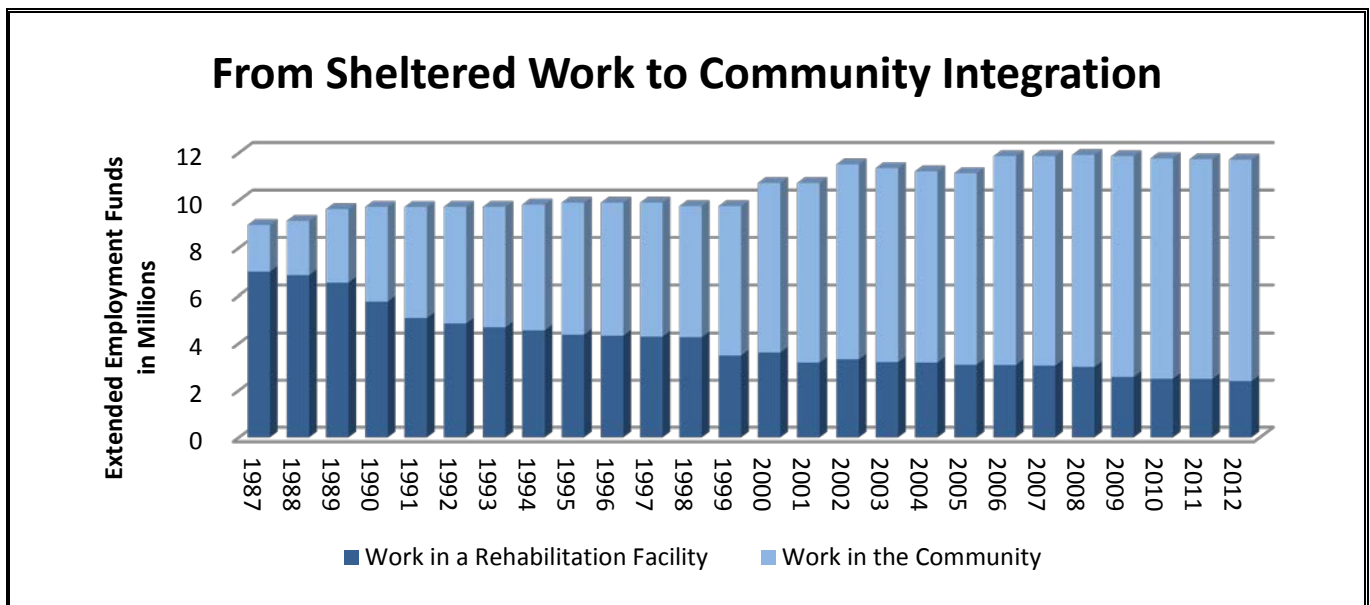
Center-based Employment Fund							
Year	Workers	Hours	Wages	EE Grants	Cost Per Worker	Income per Worker	ROI
1999	4,333	2,887,752	8,376,993	3,478,073	803	1,933	241%
2000	4,048	2,620,969	7,515,486	3,609,742	892	1,857	208%
2001	4,070	2,586,071	8,114,897	3,178,130	781	1,994	255%
2002	3,931	2,479,436	8,047,414	3,318,870	844	2,047	242%
2003	3,780	2,449,593	8,228,555	3,201,752	847	2,177	257%
2004	3,649	2,424,601	8,357,480	3,177,965	871	2,290	263%
2005	3,492	2,260,823	7,930,676	3,084,666	883	2,271	257%
2006	3,381	2,188,583	8,116,809	3,077,853	910	2,401	264%
2007	3,373	2,067,650	8,071,854	3,051,854	905	2,393	264%
2008	3,184	1,829,185	6,313,308	2,998,984	942	1,983	211%
2009	2,995	1,640,024	5,513,920	2,568,121	857	1,841	215%
2010	2,849	1,613,908	5,643,111	2,495,363	876	1,981	226%
2011	2,681	1,448,645	5,366,474	2,483,462	926	2,002	216%
2012	2,617	1,458,679	5,481,165	2,391,538	914	2,094	229%
Ave	3,456	2,139,709	7,219,867	3,008,312	875	2,090	239%

## Systems Change

The department supports system change efforts to maximize employment in the most integrated settings while respecting the informed choice of persons served in center-based programs.

Analysis of reported data (page 13-14) suggests the strongest predictor of wages is the work setting – the highest wages correlate to work in supported employment and reflect the strongest cohesion with the program purpose: *to promote individuals' self-sufficiency and financial independence*. For a comparison of supported employment utilization across service providers see [page 23](#).

In 2012, approximately eighty percent (80%) of the grant funds were allocated to support workers in community-based jobs. Although the total grant funds have grown by less than \$2.8 million over the last 25 years, the share allocated to support workers in community settings has increased by over \$7 million.



The primary cause of the system change is twofold: (a) voluntary decisions by providers to shift allocated funds out of services for persons in facility-based work in order to expand their capacity in community-based supports, and (b) the department's long-term policy for moving all available unearned center-based employment funds into the Community Support Fund to provide supports to persons in community-based job settings.

The table on the next page provides the history of funds allocated between the center-based and community support funds since 1987.

## Fund Allocation History

Allocations to support work in center-based and community-based settings are displayed below with emphasis on the percent of the funds dedicated to work in community settings and the annual change in funds available to support work in the community.

SFY	Center-Based Fund	Community Support Fund	Total	Community Support Fund Analysis	
				Percent	Changed Dollars
1987	\$ 6,992,808	\$ 1,960,752	\$ 8,953,560	22%	
1988	6,845,630	2,281,978	9,127,608	25%	\$ 321,226
1989	6,529,933	3,093,822	9,623,755	32%	811,844
1990	5,751,573	3,965,427	9,717,000	41%	871,605
1991	5,064,643	4,646,935	9,711,578	48%	681,508
1992	4,836,649	4,880,351	9,717,000	50%	233,416
1993	4,673,245	5,043,755	9,717,000	52%	163,404
1994	4,542,343	5,274,657	9,817,000	54%	230,902
1995	4,359,076	5,532,924	9,892,000	56%	258,267
1996	4,315,644	5,576,780	9,892,424	56%	43,856
1997	4,279,397	5,613,667	9,893,064	57%	36,887
1998	4,254,315	5,494,685	9,749,000	56%	(118,982)
1999	3,478,073	6,270,927	9,749,000	64%	776,242
2000	3,609,742	7,114,258	10,724,000	66%	843,331
2001	3,178,130	7,545,870	10,724,000	70%	431,522
2002	3,318,870	8,190,435	11,509,305	71%	644,656
2003	3,201,752	8,150,869	11,352,621	72%	(39,566)
2004	3,177,965	8,035,758	11,213,723	72%	(115,111)
2005	3,084,666	8,052,184	11,136,850	72%	16,426
2006	3,077,853	8,776,086	11,853,939	74%	723,902
2007	3,051,854	8,805,607	11,857,461 <sup>11</sup>	74%	29,521
2008	2,998,984	8,904,392	11,903,376	75%	98,785
2009	2,568,121	9,284,302	11,852,423	78%	379,909
2010	2,495,363	9,267,058	11,762,421	79%	(17,244)
2011	2,483,462	9,246,748	11,730,211	79%	(20,310)
2012	2,391,538	9,316,094	11,730,211	80%	69,346
Net Change	\$ (4,601,270)	\$ 7,355,342	\$ 2,754,072	n/a	n/a

<sup>11</sup> The total contracted funds in 2007 exceeded the appropriation of \$11,854,000 by \$3,461 due to an error in the reallocation of unearned funds to the Dakota/Scott Transition pilot projects at MRCI and Lifetrack Resources. MRCI earned all their 2007 contract funds. Lifetrack fell short by \$31,904 and requested a hardship variance. The hardship variance was approved, less the initial error of \$3,461.

# SFY12 Comparative Provider Outcomes

## Work Hours Paid at Minimum Wage or Above

### Community Support Fund

The appropriation for SFY13 included \$125,000 for distribution as a wage-level incentive bonus for hours paid from the Community Support Fund in SFY12 where wages earned are at or above the Federal minimum wage. In SFY12, seventy percent (70%) of all CSF hours qualified. The table is ordered by providers with the largest share of qualifying hours, with Tasks Unlimited earning the largest share (13.2%), and Service Enterprises the smallest (.1%). Provider's qualified hours as a share of their own CSF hours are also displayed, with Hennepin County VSP providing 100% of its CSF workforce with wages at or above the Federal minimum, and Service Enterprises with the smallest at ten percent (10%).

Providers – SFY13	SFY12 CSF Hours	Qualified CSF Hours (Workers Earned =>Minimum Wage)			% Own SFY12 CSF Hours	% Total Qualified CSF Hours	Bonus Earned
		SE	CE	Total			
Tasks Unlimited	245,024	232,127	1,137	233,264	95%	13.2%	\$ 16,514
Mankato Rehab. Center	288,121	169,380	31,088	200,468	70%	11.4%	\$ 14,192
Rise Inc	227,958	135,952	43,395	179,347	79%	10.2%	\$ 12,697
Occupational Develop. Ctr.	149,497	41,397	95,369	136,766	91%	7.7%	\$ 9,682
Opportunity Partners	142,933	131,038	2,648	133,686	94%	7.6%	\$ 9,464
Goodwill/Easter Seals	93,512	90,303	-	90,303	97%	5.1%	\$ 6,393
Ability Building Center	177,197	61,924	25,085	87,009	49%	4.9%	\$ 6,160
Productive Alternatives	132,845	76,436	9,097	85,533	64%	4.8%	\$ 6,055
Lifetrack Resources	77,524	76,316	-	76,316	98%	4.3%	\$ 5,403
Resource	55,812	55,406	-	55,406	99%	3.1%	\$ 3,923
Hennepin County VSP	50,754	50,678	-	50,678	100%	2.9%	\$ 3,588
Winona ORC	98,948	41,674	6,700	48,374	49%	2.7%	\$ 3,425
Opportunity Services	106,273	47,806	-	47,806	45%	2.7%	\$ 3,384
Courage Center	46,058	45,474	-	45,474	99%	2.6%	\$ 3,219
GIVE	45,080	25,004	14,139	39,143	87%	2.2%	\$ 2,771
AccessAbility	40,092	17,008	21,260	38,268	95%	2.2%	\$ 2,709
Jewish Family/Child. Svc	34,348	34,001	-	34,001	99%	1.9%	\$ 2,407
ProAct	72,199	22,253	11,103	33,356	46%	1.9%	\$ 2,361
West Central Industries	90,991	22,366	10,719	33,085	36%	1.9%	\$ 2,342
KCQ	37,837	20,396	5,538	25,934	69%	1.5%	\$ 1,836
WACOSA	33,002	21,451	1,657	23,108	70%	1.3%	\$ 1,636
Cedar Valley Services	96,434	4,053	18,449	22,502	23%	1.3%	\$ 1,593
Functional Industries	121,078	18,688	2,769	21,457	18%	1.2%	\$ 1,519
Midwest Special Service	11,396	6,414	2,709	9,123	80%	0.5%	\$ 646
Hope Haven	26,775	6,791	1,541	8,332	31%	0.5%	\$ 590
The Rising Phoenix	8,102	4,235	357	4,592	57%	0.3%	\$ 325
Service Enterprises	24,190	1,290	1,014	2,304	10%	0.1%	\$ 163
Total (n=27)	2,533,980	1,459,861	305,774	1,765,635	<b>70%</b>	100.0%	\$125,000

## Center-based Employment Fund

Although the Legislature did not appropriate separate funds for a wage incentive bonus for SFY12 hours reported to the Center-based Employment Fund, ten percent (11%) of the 1.4 million CBE hours qualified, i.e., workers earned wages at or above the Federal minimum wage.

The table ranks providers with CBEF allocations in order of their share of hours paid at or above the Federal minimum wage, with Mankato Rehabilitation Center producing the largest share (28.9%), and Functional Industries the smallest (.1%). Also displayed is each provider's share of qualified hours, as a percentage of its own CBE hours reported during the year, with AccessAbility providing the largest percent of its CBE workforce (51%) with wages at or above the Federal minimum, and Functional Industries with the smallest share at less than one percent.

Providers – SFY13	SFY12 CBE Hours	Qualified CBE Hours	% Own SFY12 CBE Hours	% Total Qualified CBE Hours
Mankato Rehab. Center	395,317	45,488	12%	28.9%
GIVE	148,235	35,355	24%	22.5%
Ability Building Center	120,334	15,884	13%	10.1%
Occupational Develop Ctr	160,402	15,355	10%	9.8%
AccessAbility	26,153	13,381	51%	8.5%
Winona ORC	46,506	6,970	15%	4.4%
Cedar Valley Services	107,081	6,643	6%	4.2%
West Central Industries	60,730	5,833	10%	3.7%
Rise	66,611	4,795	7%	3.0%
Hope Haven	46,342	3,846	8%	2.4%
Productive Alternatives	125,511	1,570	1%	1.0%
Midwest Special Service	15,075	1,272	8%	0.8%
ProAct	64,491	718	1%	0.5%
WACOSA	4,034	168	4%	0.1%
Functional Industries	56,913	93	0%	0.1%
Total (n=15)	1,443,738	157,371	11%	100.0%

## Utilization of Grant Funds for Supported Employment

Twenty-eight (28) providers reported 2,351 supported employees worked over 1.5 million hours and earned over \$15 million wages. The table is sorted by providers reporting the highest percentage of their contracted CSF allocation resulting from the employment of EE workers in supported employment. See column, *% Contract Earned via SE Hours*, below.

Provider	Supported Employment Subprogram <sup>12</sup>				Community Support Fund		
	Workers	Work Hours	Wages Paid	Average Wage	Contracted Allocation	Value of SE Hours <sup>13</sup>	% Contract Earned via SE Hours <sup>14</sup>
Goodwill/Easter Seals	115	93,512	941,088	10.06	196,001	353,475	180%
Hennepin Co VSP	65	50,754	661,446	13.03	143,415	191,850	134%
Jewish F/C Services	47	34,348	415,714	12.10	111,104	129,835	117%
Tasks Unlimited	251	234,236	2,452,534	10.47	759,664	885,412	117%
Lifetrack Resources	76	77,524	964,650	12.44	265,673	293,041	110%
Resource	55	55,812	846,476	15.17	207,970	210,969	101%
Courage Center	56	46,058	556,940	12.09	176,187	174,099	99%
WACOSA	25	22,263	199,065	8.94	90,634	84,154	93%
Opportunity Partners	176	137,815	1,369,297	9.94	640,291	520,940	81%
Midwest Special Svcs	12	6,414	55,495	8.65	34,112	24,245	71%
Rise	198	139,685	1,399,604	10.02	789,367	528,009	67%
Opportunity Services.	93	52,119	469,519	9.01	314,190	197,010	63%
Goodwill Ind. Voc. Ent	76	25,440	207,402	8.15	160,328	96,163	60%
KCQ	27	21,038	176,739	8.40	132,695	79,524	60%
Productive Alternatives	96	78,243	721,480	9.22	554,560	295,759	53%
MRCI	373	169,380	1,427,724	8.43	1,208,080	640,256	53%
AccessAbility	29	17,190	190,446	11.08	123,558	64,979	53%
Ability Building Center	256	86,386	652,944	7.56	623,133	326,539	52%
Winona ORC	63	43,505	388,901	8.94	381,078	164,449	43%
The Rising Phoenix	4	4,235	43,820	10.35	46,896	16,008	34%
Occupational Dev. Ctr.	113	44,386	351,538	7.92	551,083	167,779	30%
Functional Industries	29	20,368	176,030	8.64	300,419	76,991	26%
ProAct	29	22,807	236,406	10.37	343,805	86,210	25%
West Central Industries	47	25,651	223,420	8.71	395,911	96,961	24%
Hope Haven	21	6,791	59,392	8.75	113,926	25,670	23%
Industries	3	1,340	11,353	8.47	57,554	5,066	9%
Service Enterprises	3	2,072	14,961	7.22	105,309	7,832	7%
Cedar Valley Services	13	4,645	33,551	7.22	489,151	17,558	4%
<b>Total (n=28)</b>	<b>2,351</b>	<b>1,524,017</b>	<b>15,247,936</b>	<b>\$10.01</b>	<b>9,316,094</b>	<b>5,760,786</b>	<b>62%</b>

<sup>12</sup> Provider reported data through Aug. 15, 2012; unaudited.

<sup>13</sup> Value of SE Hours = SE Work Hours multiplied by the statewide SE uniform rate of \$3.78

<sup>14</sup> Contracts are capped – providers cannot earn more than the contracted allocation. Therefore, when the last column exceeds 100% it represents hours reported in excess of contracted allocations for which the provider was not paid.



## Outcomes of Persons Served – Supported Employment

The most significant outcomes are assumed to be the greatest income to persons served. Therefore, the table is sorted by the workers' *Average Annual Income*, unaudited, as reported by the twenty-eight (28) service providers supporting workers in this subprogram. Resource continues to support persons earning the greatest average annual incomes from competitive jobs with supports.

Providers (n = 28)	Metro	Outstate	Persons Served	Averages			+/- Statewide Average Income
				Hours Per Week	Hourly Wage	Annual Income	
Resource	X		55	19.5	\$ 15.17	\$ 15,390	8,905
Lifetrack Resources	X		76	19.6	\$ 12.44	\$ 12,693	6,207
The Rising Phoenix		X	4	20.4	\$ 10.35	\$ 10,955	4,469
Hennepin County VSP	X		65	15.0	\$ 13.03	\$ 10,176	3,690
Courage Center	X		56	15.8	\$ 12.09	\$ 9,945	3,460
Tasks	X		251	17.9	\$ 10.47	\$ 9,771	3,285
Jewish C/F Svc of Mpls	X		47	14.1	\$ 12.10	\$ 8,845	2,359
Goodwill/EasterSeals	X		115	15.6	\$ 10.06	\$ 8,183	1,698
ProAct	X		29	15.1	\$ 10.37	\$ 8,152	1,666
WACOSA		X	25	17.1	\$ 8.94	\$ 7,963	1,477
Opportunity Partners	X		176	15.1	\$ 9.94	\$ 7,780	1,294
Productive Alternatives		X	96	15.7	\$ 9.22	\$ 7,515	1,030
Rise	X	X	198	13.6	\$ 10.02	\$ 7,069	583
AccessAbility	X		29	11.4	\$ 11.08	\$ 6,567	81
KCQ		X	27	15.0	\$ 8.40	\$ 6,546	60
Winona ORC		X	63	13.3	\$ 8.94	\$ 6,173	(313)
Functional Industries		X	29	13.5	\$ 8.64	\$ 6,070	(416)
Opportunity Services	X	X	93	10.8	\$ 9.01	\$ 5,049	(1,437)
Service Enterprises		X	3	13.3	\$ 7.22	\$ 4,987	(1,499)
West Central Industries		X	47	10.5	\$ 8.71	\$ 4,754	(1,732)
Midwest Special Svcs	X		12	10.3	\$ 8.65	\$ 4,625	(1,861)
MRCI	X	X	373	8.7	\$ 8.43	\$ 3,828	(2,658)
Industries		X	3	8.6	\$ 8.47	\$ 3,784	(2,701)
Occupational Development Ctr.		X	113	7.6	\$ 7.92	\$ 3,111	(3,375)
Hope Haven		X	21	6.2	\$ 8.75	\$ 2,828	(3,658)
Goodwill Ind. Voc. Ent.		X	76	6.4	\$ 8.15	\$ 2,729	(3,757)
Cedar Valley Services		X	13	6.9	\$ 7.22	\$ 2,581	(3,905)
Ability Building Center		X	256	6.5	\$ 7.56	\$ 2,551	(3,935)
Supported employment... customary wages, integrated jobs, ongoing supports			2,351	12.5	\$ 10.01	\$ 6,486	N/A

## Outcomes of Persons Served – Community Employment

The most significant outcomes are assumed to be the greatest income to persons served. Therefore, the table is sorted by the workers' *Average Annual Income*, unaudited, as reported by the twenty-two (22) service providers supporting and/or employing workers in this subprogram.

KCQ and Rise retained the top two places for the third year in a row, paying or facilitating the greatest average annual incomes to workers in community employment.

Providers	Metro	Outstate	Persons Served	Averages			+/- Statewide Average Income
				Hours Per Week	Hourly Wage	Annual Income	
KCQ		X	17	19.0	\$ 6.11	\$ 6,036	\$ 3,538
Rise	X	X	97	17.5	\$ 6.38	\$ 5,804	\$ 3,305
AccessAbility	X		44	10.0	\$ 9.66	\$ 5,026	\$ 2,527
Cedar Valley Services		X	160	11.0	\$ 5.88	\$ 3,374	\$ 875
Service Enterprises		X	29	14.7	\$ 4.42	\$ 3,368	\$ 870
Functional Industries		X	120	16.1	\$ 3.56	\$ 2,988	\$ 490
Occupational Development Center		X	290	7.0	\$ 7.29	\$ 2,644	\$ 145
West Central Industries		X	141	8.9	\$ 5.52	\$ 2,556	\$ 58
Goodwill Industries Vocational Enterprises		X	42	9.0	\$ 8.53	\$ 3,989	\$ 9
Midwest Special Service	X		15	6.4	\$ 7.45	\$ 2,475	\$ (24)
ProAct	X		99	9.6	\$ 4.80	\$ 2,394	\$ (104)
Ability Building Center		X	243	7.2	\$ 5.85	\$ 2,185	\$ (314)
WACOSA		X	28	7.4	\$ 5.61	\$ 2,152	\$ (347)
Productive Alternatives		X	125	8.4	\$ 4.77	\$ 2,082	\$ (417)
Hope Haven		X	56	6.9	\$ 5.37	\$ 1,915	\$ (584)
MRCI	X	X	392	5.8	\$ 6.01	\$ 1,820	\$ (678)
Winona ORC		X	146	7.3	\$ 4.20	\$ 1,594	\$ (905)
Opportunity Services	X	X	79	13.2	\$ 2.27	\$ 1,559	\$ (939)
Opportunity Partners	X		33	3.0	\$ 6.66	\$ 1,033	\$ (1,466)
Industries		X	34	2.7	\$ 6.63	\$ 938	\$ (1,560)
Tasks Unlimited	X		76	2.7	\$ 5.93	\$ 842	\$ (1,656)
The Rising Phoenix		X	23	3.2	\$ 4.12	\$ 692	\$ (1,807)
Community employment... work in the community may not be integrated and/or may be paid less than the customary wage			2,289	8.5	\$ 5.54	\$ 2,499	N/A

## Outcomes of Persons Served – Center-based Employment

The most significant outcomes are assumed to be the greatest income to persons served. Therefore, the table is sorted by the workers' *Average Annual Income*, unaudited, as reported by the sixteen (16) service providers employing and supporting workers in this subprogram.

Goodwill Industries Vocational Enterprises retained its first place for the third year in a row, providing workers with more than twice the annual income of its closest competitor.

Providers	Metro	Outstate	Persons Served	Averages			+/- Statewide Average Income
				Hours Per Week	Hourly Wage	Annual Income	
Goodwill Industries Vocational Enterprises		X	151	18.9	\$ 6.29	\$ 6,177	\$ 4,085
MRCI	X	X	495	15.4	\$ 3.85	\$ 3,076	\$ 984
Functional Industries		X	135	8.1	\$ 6.29	\$ 2,653	\$ 561
Productive Alternatives		X	119	20.3	\$ 2.42	\$ 2,554	\$ 462
AccessAbility	X		69	7.3	\$ 6.27	\$ 2,377	\$ 285
Rise	X	X	118	10.9	\$ 4.04	\$ 2,281	\$ 189
Midwest Special Service	X		29	10.0	\$ 3.85	\$ 2,002	\$ (90)
Occupational Development Center		X	289	10.7	\$ 3.44	\$ 1,911	\$ (181)
Cedar Valley Services		X	249	8.3	\$ 3.82	\$ 1,644	\$ (448)
West Central Industries		X	156	7.5	\$ 4.15	\$ 1,615	\$ (477)
Hope Haven		X	74	12.0	\$ 2.55	\$ 1,598	\$ (494)
Ability Building Center		X	311	7.4	\$ 4.04	\$ 1,563	\$ (529)
ProAct	X		143	8.7	\$ 3.10	\$ 1,398	\$ (694)
Industries		X	44	6.5	\$ 3.29	\$ 1,118	\$ (974)
Winona ORC		X	216	4.1	\$ 3.10	\$ 667	\$ (1,425)
WACOSA		X	22	3.5	\$ 3.06	\$ 561	\$ (1,531)
Center-based employment... paid work on the premises of an EE provider with the most intensive supports.			2,620	10.7	\$ 3.76	\$ 2,092	N/A

# SFY12 Compliance Examination Results

## Provider Management Assertions

State Fiscal Year 2012, providers assert compliance with the Extended Employment Program criterion or noted those not applicable to the organization:

Criterion 1: Workers have worked the hours reported and earned the wages reported by the provider for the reimbursement paid by the DEED as shown on the DEED Listing of Reported Participants and Relevant Data.

Criterion 2: Reported workers have been paid appropriate hourly rates.

Criterion 3: Workers perform jobs in integrated settings.

Criterion 4: When the provider is the payroll agent, workers in center-based, community, and supported employment subprograms (a) receive fundamental personnel benefits proportionate to the full-time exempt staff, and (b) no EE worker earns less than the minimum annual accruals of 5 days paid vacation, 5 days paid sick leave, and 5 paid holidays, or 10 days paid flexible leave and 5 paid holidays. Workers in affirmative business enterprise employment are subject to the same benefit package as all other nondisabled employees of the provider.

[The following providers assert this criterion is not applicable to their organization\(s\):](#)

**Courage Center, Goodwill/Easter Seals, Hennepin County Vocational Service Program, Kaposia, Lifetrack Resources, Opportunity Partners, Resource.**

Criterion 5: Workers participating in Extended Employment and Medical Assistance (MA) funded programs, such as Day Training and Habilitation (DTH) programs; Home and Community-Based Services for Persons with Developmental Disabilities (DD); Community Alternatives for Disabled Individuals (CADI); Traumatic Brain Injury (TBI) Waivers; Adult Rehabilitative Mental Health Services (ARMHS), are receiving separate services and no duplicate funding is received by [provider].

[The following providers assert this criterion is not applicable to their organization\(s\):](#)

**AccessAbility, Courage Center, Goodwill Industries Vocational Enterprises, Hennepin County Vocational Service Program, KCQ, Lifetrack Resources, ProAct, Resource, Tasks Unlimited Janitorial Service, The Rising Phoenix, Winona ORC.**

Criterion 6: Workers are persons with a most severe disability, who have 3 or more functional limitations affecting employment, and who require ongoing employment support services to maintain or advance in employment.

Criterion 7: Workers have a current Extended Employment Support Plan developed with the informed consent of the worker.

Criterion 8: The worker's Extended Employment Support Plan identifies the ongoing employment support services necessary for the worker to maintain and advance in employment.

Criterion 9: The ongoing employment support services provided to the worker are consistent with the services identified in the Extended Employment Support Plan.

Criterion 10: Workers receive a minimum of two in-person contacts per month in the delivery of ongoing employment support services.

Criterion 11: The provider earned its Center-based Employment Fund allocation based on reported hours during the current state fiscal year.

[The following providers assert this criterion is not applicable to their organization\(s\):](#)

**Courage Center, Goodwill/Easter Seals, Hennepin County Vocational Service Program, Jewish Family and Children's Services of Minneapolis, KCQ, Kaposia, Lifetrack Resources, Opportunity Partners, Opportunity Services, Resource, Service Enterprises, Tasks Unlimited Janitorial Services, The Rising Phoenix.**

Criterion 12: The provider earned its Community Support Fund allocation based on reported hours in the current state fiscal year.

## Independent Accountant's Report

The sample opinion below is the preferred report sample for reports with nonmaterial findings. Auditors are directed to AICPA Professional Standards, Attestation Standards, Compliance Attestation, Examination Engagement for detailed guidance and other reporting variations including reports without findings and material findings:

*We have examined management's assertions included in the accompanying report that (name of entity) complied with the Minnesota Department of Employment and Economic Development 12 Extended Employment Compliance Examination Standards Criterion (dated) except for the noncompliance described in the third paragraph for the year ended June 30, 2012. Management is responsible for (name of entity)'s compliance with those requirements. Our responsibility is to express an opinion on (name of entity)'s compliance based on our examination.*

*Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about (name of entity)'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on (name of entity)'s compliance with specified requirements.*

*Our examination disclosed the following noncompliance with the requirements referred to above, applicable to (name of entity) during the year ended June 30, 2012, which are described in the accompanying (list names of schedules).*

*In our opinion, management's assertions referred to above is fairly stated, in all material respects, with the aforementioned requirements for the year ended June 30, 2012.*

*This report is intended solely for the information and use of (list specified parties)Minnesota Department of Employment and Economic Development and is not intended to be and should not be used by anyone other than these specified parties.*

*[Signature]*

*[Date]*

## Efficiency Measures

**Timeliness of Examination Report.** Most audit reports (28 of 29) were received by the October 31, 2012 deadline. Courage Center’s report was received January 8, 2013.

**Timeliness of Department’s Review.** Audit reports were reviewed on average within 83 days of receipt, ranging from 2 to 130 days. The delay was the result of the re-assignment of Extended Employment staff to the request-for-proposal process. Most examination reports (18 of 29) required no additional action and were accepted upon review.

**Completeness of Examination Reports.** Action was required by the following providers before the Department could accept the examination reports: AccessAbility<sup>15</sup> (43 days); Courage Center (5 days); Lifetrack Resources (6 days); Opportunity Services (32 days); ProAct (6 days); Resource (7 days); Rise (29 days); Tasks Unlimited Janitorial Services (33 days); West Central Industries (47 days); Winona ORC (50 days). The average time necessary to accept these reports was 14 days.

**Timeliness of Notice of Reconciliation.** Reconciliation notices are usually issued the day the audit is approved, the exceptions were: Functional Industries (98 days), Industries (2 days), Occupational Development Center (4 days), Productive Alternatives (16 days), and The Rising Phoenix (2 days).

**Timely Second-level Review.** This is not applicable as no second-level reviews were conducted.

**Timely Resolution of Appeals.** This is not applicable as there were no appeals.

## Effectiveness Measures

**Compliance with Program Criteria.** The following twenty (20) audit reports contained unqualified opinions with no questioned hours. The remaining reports were qualified by 7,592 questioned hours, or less than two-hundredths (.0019) of the 3,998,808 work hours reported during the state fiscal year. Therefore, if the audit standards reflect the most relevant and desirable criteria from the EE Rules and the testing procedures are effective tools for determining compliance, then it is reasonable to conclude: *Minnesota’s network of EE providers operate programs in significant accordance with the Extended Employment Program Rules*, Chapter 3300.2005 -3300.2055.

Ability Building Center	Jewish Family/Childrens Services of Mpls.	ProAct
Cedar Valley Services		Productive Alternatives
Courage Center	Industries	Resource
Functional Industries	KCQ	Service Enterprise
Goodwill Industries Vocational Enterprise	Kaposia	Tasks Unlimited Janitorial Services
Hennepin County Vocational Service Program	Midwest Special Svcs	
Hope Haven	Mankato Rehab. Center	WACOSA

<sup>15</sup> AccessAbility – included DEED on-site monitoring visit to investigate a consumer complaint.

**Corrective Action.** In most cases audits were accepted as submitted, with the exceptions noted below. The effectiveness of this measure is determined by the need for a second-level review. Since all issues were resolved without additional review, the corrective action is considered appropriate.

Provider	Corrective Action
<i>Independent Accountant's Report</i>	
(none)	
<i>Management's Assertion Letter</i>	
Courage Center	Required signatures of CEO and Board member. Obtained.
Midwest Special Services	Contracted allocations misreported. Corrected.
Tasks Unlimited Janitorial Services	Required signature of board member not involved in daily operations. Obtained.
West Central Industries	Asserted no supported employment; supported employment hours reported. Re-issued.
<i>Schedule of Questioned Hours &amp; Wages</i>	
Cedar Valley Services Opportunity Services	Sample size was not reported for each subprogram. Obtained.
Ability Building Center	The schedule failed to report variances at the individual level or omitted identifying elements necessary to correct DEED's database records. New schedules and/or required elements were provided.
West Central Industries	Negative and positive variances were reversed. Re-issued.
<i>CS/CBE Fund Reconciliation</i>	
Cedar Valley Services Functional Industries Hennepin County Vocational Services Program Midwest Special Services The Rising Phoenix	The contracted allocation was in error, and was changed to equal the final contract amendment.
Courage Center Goodwill Industries Vocational Enterprises Lifetrack Resources Productive Alternatives	The amount of reimbursement was in error, and was changed to reflect DEED's accounting records.
Cedar Valley Services Rise West Central Industries	Variances were not equal to those reported on the <i>Schedule of Questioned Hours and Wages</i> , and were changed to be equal.



## Hours, Auditors' Samples and Error Rates – Supported Employment

### Supported Employment

Errors were reported at insignificant levels.

### Occupational Development Center

reported the most significant disallowances. During the examination of the sample transactions, auditors determined CE hours for a work site were reported in error and should have been reported as SE. Auditors tested 100% of the hours for the work site. The hours were all eligible for SE, so CE hours were adjusted down and SE hours were adjusted up by 3,729.75.

### New/Expanded SE Programs

**Hope Haven** was the only provider with a new or expanded program in 2012. “New or expanded programs under this part may be exempt from the contracting procedures in part 3300.2035, subpart 4, item A, and the adjustment of state grant funds in part 3300.2035, subpart 8, for up to three years,” Minnesota Rules 3300.2030.

Provider	Reported Hours <sup>16</sup>	Errors	Error Rate <sup>17</sup>	Allowed Hours
Ability Building Center	86,386	-30	0.0%	83,356
AccessAbility	17,190	0		17,190
Cedar Valley Services	4,645	0		4,645
Courage Center	46,058	0		46,058
Functional Industries	20,368	0		20,368
Goodwill-Easter Seals	93,512	-27	0.0%	93,485
Goodwill Ind. Voc. Enter.	25,440	0		25,440
Hennepin Co VSP	50,754	0		50,754
Hope Haven	6,791	0		6,791
Industries	1,340	0		1,340
Jewish C/F Svcs of Mpls.	34,348	0		34,348
KCQ	21,038	0		21,038
Lifetrack Resources	77,524	0		77,524
Midwest Special Svcs	6,414	0		6,414
Mankato Rehab. Center	169,380	0		169,380
Occupational Dev. Ctr	44,386	3,724	.3%	48,110
Opportunity Partners	106,851	0		106,851
Opportunity Services	52,119	0		52,119
ProAct	22,807	0		22,807
Productive Alternatives	78,243	0		78,243
Resource	55,812	0		55,812
Rise	139,685	1	0.0%	139,686
Service Enterprises	2,072	0		2,072
Tasks Unlimited	234,236	0		234,236
The Rising Phoenix	4,235	0		4,235
WACOSA	22,263	-115	-4.8%	22,148
West Central Industries	25,651	0		25,651
Winona ORC	43,505	70	0%	43,575
Kaposia <sup>18</sup>	30,964	-308	-1%	30,656
Total (n = 29)	1,524,018	3,315	.02%	1,527,333

<sup>16</sup> Hours reported in the independent audit reports.

<sup>17</sup> Significant error rates are equal to or greater than 10% and are projected to the population of reported program hours.

<sup>18</sup> Kaposia was approved to provide supported employment as a subcontractor to Opportunity Partners in 2011.

## Hours, Auditors' Samples and Error Rates – Community Employment

### Community Employment

Errors were reported at insignificant levels.

### New/Expanded CE Programs

Hope Haven, Inc. was the only provider to receive funding for a new or expanded program in 2012.

“New or expanded programs under this part may be exempt from the contracting procedures in part 3300.2035, subpart 4, item A, and the adjustment of state grant funds in part 3300.2035, subpart 8, for up to three years,”  
Minnesota Rules 3300.2030,

Provider	Reported Hours <sup>19</sup>	Errors	Error Rate	Allowed Hours
Ability Building Center	90,811	-889	-1%	89,922
AccessAbility	22,902	0		22,902
Cedar Valley Services	91,789	0		91,789
Functional Industries	100,711	0		100,711
Goodwill Industries Vocational Enterprises <sup>20</sup>	19,490	0		19,490
Hope Haven	19,984	0		19,984
Industries	4,810	0		4,810
KCQ	16,799	0		16,799
Midwest Special Services	4,982	0		4,982
Mankato Rehabilitation Center	118,741	0		118,741
Occupational Development Center	105,111	-3,678	-3.5%	101,434
Opportunity Partners	5,118	1,595	31.2%	6,713
Opportunity Services	54,154	16	0.0%	54,170
ProAct	49,392	0		49,392
Productive Alternatives	54,602	0		54,602
Rise	88,273	0		88,273
Service Enterprises	22,118	0		22,118
Tasks Unlimited	10,787	0		10,787
The Rising Phoenix	3,867	0		3,867
WACOSA	10,740	0		10,740
West Central Industries	65,340	-1	0.0%	65,339
Winona ORC Industries	55,443	0		55,443
Total (n = 22)	1,015,961	-2,957	-.3%	1,013,005

<sup>19</sup> Hours reported in independent audit reports.

<sup>20</sup> GIVE's audit reported 19,490 Community Employment hours, 151 less than the provider reporting system. The discrepancy was discovered in the preparation of this report.

## Hours, Auditors' Samples and Error Rates – Center-based Employment

### Center-based Employment

Errors were reported at insignificant levels.

### New/Expanded CBE Programs

Hope Haven, Inc. was the only provider to receive funding for a new or expanded program in 2012.

“New or expanded programs under this part may be exempt from the contracting procedures in part 3300.2035, subpart 4, item A, and the adjustment of state grant funds in part 3300.2035, subpart 8, for up to three years,” Minnesota Rules 3300.2030.

Provider	Reported Hours <sup>21</sup>	Errors	Error Rate	Allowed Hours
Ability Building Center	120,334	1,301	1.1%	121,635
AccessAbility	26,153	0		26,153
Cedar Valley Services	107,081	0		107,081
Functional Industries	56,913	0		56,913
Goodwill Industries Vocational Enterprises	148,235	0		148,235
Hope Haven	46,342	0		46,342
Industries	14,941	0		14,941
Midwest Special Services	15,075	0		15,075
Mankato Rehabilitation Center	395,317	0		395,317
Occupational Development Center	160,402	-3	0.0%	160,399
ProAct	64,491	0		64,491
Productive Alternatives	125,511	0		125,511
Rise	66,611	31		66,642
WACOSA	4,034	0		4,034
West Central Industries	60,730	37	.1%	60,767
Winona ORC	46,506	-46	0.0%	46,461
Total (n = 16)	1,458,679	1,320	.1%	1,459,998

<sup>21</sup> Hours reported in independent audit reports.