Fiscal Year 2007 Monitoring Report on the Vocational Rehabilitation and Independent Living Programs in the State of Kansas

U.S. Department of Education
Office of Special Education and Rehabilitative Services
Rehabilitation Services Administration

September 7, 2007
<table>
<thead>
<tr>
<th>Contents</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXECUTIVE SUMMARY</td>
<td>3</td>
</tr>
<tr>
<td>INTRODUCTION</td>
<td>5</td>
</tr>
<tr>
<td>CHAPTER 1: THE REVIEW PROCESS</td>
<td>7</td>
</tr>
<tr>
<td>CHAPTER 2: VOCATIONAL REHABILITATION AND SUPPORTED EMPLOYMENT PROGRAMS</td>
<td>9</td>
</tr>
<tr>
<td>CHAPTER 3: FISCAL REVIEW</td>
<td>22</td>
</tr>
<tr>
<td>CHAPTER 4: INDEPENDENT LIVING PROGRAMS</td>
<td>30</td>
</tr>
<tr>
<td>CHAPTER 5: INDEPENDENT LIVING FOR OLDER BLIND PROGRAM</td>
<td>36</td>
</tr>
<tr>
<td>CHAPTER 6: PROGRESS ON ISSUES RAISED IN PREVIOUS REVIEWS</td>
<td>38</td>
</tr>
<tr>
<td>CHAPTER 7: SUMMARY CONCLUSION</td>
<td>39</td>
</tr>
</tbody>
</table>
Executive Summary

The Rehabilitation Services Administration (RSA) reviewed the performance of the following programs established pursuant to the Rehabilitation Act of 1973, as amended (the Act), in the State of Kansas:

- the Vocational Rehabilitation (VR) program, established under Title I;
- the State Supported Employment (SE) Services program, established under Title VI, Part B;
- the Independent Living (IL) programs, authorized under Title VII, Part B; and
- the Independent Living Services Program for Older Individuals Who Are Blind (OIB), established under Title VII, Chapter 2.

Kansas Rehabilitation Services (KRS), located within the Department of Social and Rehabilitation Services (SRS), is the state agency that is responsible for the administration of the VR, SE and OIB programs. Through a Memorandum of Understanding executed in 1999, the state shifted much of the administrative responsibility for the IL programs from KRS to the Office of Community Supports and Services, also within SRS. This arrangement remained in effect at the time of this review.

RSA’s review began in the fall of 2006 and ended in the summer of 2007. During this time, the Kansas state team:

- gathered and reviewed information regarding each program’s performance;
- identified a wide range of VR and IL stakeholders and invited them to provide input into the review process;
- conducted an on-site visit, and held multiple discussions with state agency staff, members of the State Rehabilitation Council (SRC) and Statewide Independent Living Council (SILC), and stakeholders to share information, identify promising practices and areas for improvement;
- provided technical assistance;
- worked with KRS and stakeholders to develop goals, strategies, and evaluation methods to address performance and compliance issues; and
- identified the technical assistance that RSA would provide to help improve program performance.

As a result of the review, RSA:

- identified promising practices;
- identified performance and compliance issues;
- worked with KRS to develop performance and compliance goals and strategies related to selected issues;
- identified the technical assistance that it would provide to assist KRS to achieve the goals developed as a result of the review;
Strengths and Challenges:

KRS is committed to strengthening its ability to assist individuals with disabilities to achieve competitive employment through the VR and SE programs. To do so, KRS, both as a result of this review and the development of its FY 2008 State Plan, has developed goals designed to improve the quantity and quality of employment outcomes achieved by its consumers, the accountability and performance of its service providers and the effectiveness of the SRC. However, the extent to which KRS can accomplish these goals will be affected by: its ability to effectively manage its order of selection as the number of applicants increases, the degree to which KRS is able to employ the staff necessary for the achievement of the goals, and the control that it exercises over the expenditure of its funds for the administration and operation of the program.

KRS, OCSS, SILCK and the network of CILs in the state have developed strong relationships through which all parties work to improve the independent living outcomes for individuals with disabilities. This effective collaboration has resulted in increasing appropriations from the Kansas legislature for the provision of IL services. With the increase in funding comes the need to oversee these funds in a responsible manner. Therefore, KRS and OCSS have agreed to collaborate on methods for the monitoring of state and federal IL funds to ensure that these activities are carried out in an effective and efficient manner. KRS, OCSS and the SILCK also have agreed to take the necessary steps to ensure that KRS, as the Designated State Unit (DSU) for the IL programs, is responsible for the disbursement of all Title VII, Part B funds, including those used to support the provision of advocacy services by the CILs.

Finally, KRS is serving primarily individuals who are above the age of 80 through the OIB program. Because these individuals generally have little need or desire to use sophisticated forms of assistive technology, such as computers, the services delivered to OIB consumers are focused on training in the use of less complex forms of AT and techniques in daily living. As a result of the review, KRS has determined to conduct a comprehensive strategic planning process, aimed at enhancing the capacity of KRS to serve increasing numbers of individuals through the program.
Introduction

Section 107 of the Act requires the Commissioner of RSA to conduct annual reviews and periodic on-site monitoring of programs authorized under Title I of the Act to determine whether a state VR agency is complying substantially with the provisions of its State Plan under Section 101 of the Act and with the evaluation standards and performance indicators established under Section 106. In addition, the Commissioner must assess the degree to which VR agencies are complying with the assurances made in the Supplement for Supported Employment under Title VI of the Act and to which they are operating programs offered under Title VII of the Act in compliance with their respective state plan assurances and program requirements.

In order to fulfill its monitoring responsibilities, RSA:

- reviews the state agency’s performance in assisting eligible individuals with disabilities to achieve high-quality employment and independent living outcomes;
- develops, jointly with the state agency, performance and compliance goals as well as strategies to achieve those goals; and
- provides technical assistance to the state agency in order to improve its performance, meet its goals and fulfill its state plan assurances.

Scope of the Review

RSA reviewed the performance of the following programs authorized by the Act:

- the VR program, established under Title I;
- the SE Services program, established under Title VI, Part B;
- the IL programs, authorized under Title VII, Part B; and
- the OIB program, established under Title VII, Chapter 2.

In addition, RSA also reviewed the progress of KRS on:

- the Corrective Action Plan that was developed as a result of findings from RSA’s FY 2004 Section 107 monitoring review; and
- the assurance that KRS made to RSA in conjunction with its FY 2007 VR State Plan.

The State of Kansas Administration of the VR, SE, IL and OIB Programs

KRS is located within the Kansas Department of Social and Rehabilitation Services (SRS), the designated state agency. KRS administers a combined program that serves individuals who are blind as well as individuals with other disabling conditions. The State VR, SE and OIB programs are under the administration of KRS. Through a Memorandum of Understanding executed in 1999, much of the administrative responsibility for the IL programs was delegated to the Office of Community Supports and Services, also located within SRS. This arrangement remained in effect at the time of the review.
For the four programs listed above, this report describes RSA’s review of KRS, provides information on its performance, identifies promising practices, identifies performance and compliance issues, along with the related goals, strategies, and technical assistance that RSA will provide to KRS to address each of the issues covered during the review.

Appreciation

RSA wishes to express appreciation to the representatives of SRS, KRS, the Office of Community Supports and Services, the State Rehabilitation Council, the Statewide Independent Living Council, and the stakeholders who assisted the monitoring team in the review of KRS.
Chapter 1: The Review Process

Data Used During the Review

The review of KRS was conducted from the fall of 2006 through the summer of 2007. RSA’s data collections are finalized and available at different times throughout the year. During this review, RSA and the state agency used the most recent data that was available from the FY 2005 and FY 2006 collections. As a result, this report cites data from FY 2005 and FY 2006.

Review Process Activities

During the review process, the KRS state team:

- gathered and reviewed information regarding the performance of KRS;
- identified a wide range of VR and IL stakeholders and invited them to provide input into the review process;
- conducted an on-site visit, and held multiple discussions with state agency staff, SRC members, SILC members, and stakeholders to share information, identify promising practices and areas for improvement;
- provided technical assistance to KRS;
- worked with KRS to develop goals, strategies, and evaluation methods to address performance and compliance issues;
- made recommendations to KRS related to the issues covered during the review;
- identified potential issues for further review; and
- specified the technical assistance that RSA will provide to help KRS improve its performance.

RSA Staff Participating in the Review of KRS

The RSA team responsible for the conduct of the review was comprised of representatives from each of the five functional units within the State Monitoring and Program Improvement Division, along with one representative from the Office of Special Education and Rehabilitative Services, Office of Policy and Planning (OPP). The RSA state team was led by the state liaison to Kansas, Carol Dobak (VR Program unit), and the following team members: Fred Isbister (Technical Assistance unit); Sean Barrett (Independent Living unit); William Bethel and Regina Luster (Fiscal unit); Steve Zwillinger (Data Collection and Analysis unit); and Jerry Elliott (OPP).

Information Gathering

During FY 2007, RSA began its review of KRS by analyzing information including, but not limited to, RSA’s various data collections, the agency’s VR and IL state plans, and the SRC’s Annual Report. After completing its internal review, the RSA team carried out the following information gathering activities with KRS and stakeholders in order to gain a greater understanding of the agency’s strengths and challenges:
• The state team conducted monthly teleconferences with KRS management, beginning on December 1, 2006, for the purposes of gathering information and establishing the areas for review.
• The state team held a teleconference with stakeholders from the VR and IL communities.
• VR and IL Unit team members conducted individual telephone calls with representatives of the SRC, SILC and Client Assistance Program.
• On April 25, 2007, Team members met with the director of KRS to identify on-site review activities.
• RSA conducted an on-site monitoring visit during the week of June 4 – 8, 2007.
• Team members held a teleconference with KRS management on July 10, 2007, to identify the goals, strategies and measures associated with the areas of review.
Chapter 2: Vocational Rehabilitation and Supported Employment Programs

Program Organization

Since FY 1999, KRS has implemented an order of selection (OOS), in accordance with Section 101(a)(5) of the Act, because it lacks the financial and/or staff resources to provide services to all individuals eligible for VR services. Presently, KRS is serving all individuals with the most significant disabilities, as defined by KRS policies. Individuals with significant disabilities and all other eligible individuals with disabilities are placed on a waiting list for services by date of application. According to information provided to RSA by KRS during the course of monitoring, 624 individuals were waiting to receive services as of December 31, 2006. As reported in its most recent VR State Plan submission, KRS forecasts that it will continue to serve all individuals with the most significant disabilities throughout FY 2008, and that it will continue to place individuals with significant disabilities and all other eligible individuals on waiting lists for services.

As shown in the table below, in FY 2006, KRS provided services to 8,661 individuals with disabilities, 1,746 of whom achieved employment outcomes. Of these 1,746 individuals, 1,507 achieved employment outcomes in integrated settings without supports. Individuals with gainful employment earned an average of $8.73 per hour and worked an average of 30.73 hours per week. See the table below for this and other important program performance information for FY 2002 through FY 2006.

Table 1: KRS VR and SE Program Highlights
Performance Measures by Year

<table>
<thead>
<tr>
<th>KANSAS</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total funds used</td>
<td>$31,783,224</td>
<td>$29,006,507</td>
<td>$31,193,972</td>
<td>$37,023,370</td>
<td>$35,478,452</td>
</tr>
<tr>
<td>Individuals served during year</td>
<td>8,666</td>
<td>8,520</td>
<td>8,460</td>
<td>9,027</td>
<td>8,661</td>
</tr>
<tr>
<td>Applicants</td>
<td>6,060</td>
<td>5,823</td>
<td>6,231</td>
<td>7,600</td>
<td>7,197</td>
</tr>
<tr>
<td>Closed after receiving services</td>
<td>3,178</td>
<td>3,386</td>
<td>3,092</td>
<td>3,064</td>
<td>3,156</td>
</tr>
<tr>
<td>Closed with employment outcomes</td>
<td>1,911</td>
<td>1,795</td>
<td>1,703</td>
<td>1,756</td>
<td>1,746</td>
</tr>
<tr>
<td>Employment outcomes without supports in an integrated setting</td>
<td>1,495</td>
<td>1,442</td>
<td>1,392</td>
<td>1,496</td>
<td>1,507</td>
</tr>
<tr>
<td>Average cost per individual served</td>
<td>$3,667.58</td>
<td>$3,404.52</td>
<td>$3,687.23</td>
<td>$4,101.40</td>
<td>$4,096.35</td>
</tr>
<tr>
<td>Average cost per employment outcome</td>
<td>$16,631.72</td>
<td>$16,159.61</td>
<td>$18,317.07</td>
<td>$21,083.92</td>
<td>$20,319.85</td>
</tr>
<tr>
<td>Employment outcomes per $million spent</td>
<td>60.13</td>
<td>61.88</td>
<td>54.59</td>
<td>47.43</td>
<td>49.21</td>
</tr>
<tr>
<td></td>
<td>2002</td>
<td>2003</td>
<td>2004</td>
<td>2005</td>
<td>2006</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Competitive employment outcomes per $million spent</td>
<td>52.45</td>
<td>57.75</td>
<td>51.90</td>
<td>46.21</td>
<td>47.75</td>
</tr>
<tr>
<td>Average hourly earnings for paid employment outcomes</td>
<td>$8.17</td>
<td>$8.04</td>
<td>$8.16</td>
<td>$8.33</td>
<td>$8.73</td>
</tr>
<tr>
<td>Average state hourly earnings</td>
<td>$14.82</td>
<td>$15.14</td>
<td>$15.51</td>
<td>$16.21</td>
<td>$16.88</td>
</tr>
<tr>
<td>Average hours worked per week for paid employment outcomes</td>
<td>31.20</td>
<td>31.06</td>
<td>30.37</td>
<td>30.48</td>
<td>30.73</td>
</tr>
<tr>
<td>Percent of transition age served to total served</td>
<td>26.56</td>
<td>26.37</td>
<td>27.81</td>
<td>25.95</td>
<td>26.24</td>
</tr>
<tr>
<td>Employment rate for transition age served</td>
<td>56.64</td>
<td>51.62</td>
<td>48.95</td>
<td>53.58</td>
<td>51.09</td>
</tr>
<tr>
<td>Average time between application and closure (in months) for individuals with successful paid employment outcomes</td>
<td>22.30</td>
<td>22.40</td>
<td>21.50</td>
<td>20.10</td>
<td>22.50</td>
</tr>
<tr>
<td>Average number of individuals served per total staff</td>
<td>34.12</td>
<td>35.35</td>
<td>37.27</td>
<td>48.27</td>
<td>39.73</td>
</tr>
</tbody>
</table>
KRS receives an annual allotment of approximately $300,000 to operate the SE services program authorized under Title VI, Part B. In addition, KRS expends significantly more in Title I funds on the provision of SE services. For example, as reported by KRS in its FY 2008 VR State Plan, KRS used approximately $1.8 million of Title I funds for this purpose in state FY 2006 (July 1, 2005 – June 30, 2006).

KRS engages in contractual arrangements for the provision of SE services with 97 different community organizations, located throughout the state, serving individuals with developmental disabilities, mental illness, and a variety of other disabiling conditions. These arrangements are based on a payment-for-performance model, through which KRS negotiates a total fee to be paid out in portions at the completion of the various stages of the VR process. Thereafter, these community organizations provide extended services (also known as long-term supports) to individuals in supported employment placements, which are funded through a variety of Medicaid waiver and state grant programs administered by the Kansas Office of Community Supports and Services and the Office for Mental Health.

In preparation for FY 2007 monitoring activities, RSA reviewed agency performance data for FY 2005 and FY 2006. In FY 2005, KRS provided on-the-job supports, the primary service necessary for the achievement of SE outcomes, to 1,153 individuals, while only 177 individuals achieved competitive employment outcomes in integrated settings with supports (SE outcomes). In addition, during FY 2006, of the 252 individuals with a goal of supported employment who achieved an employment outcome, 123 (48.8 percent) achieved a competitive employment outcome with supports. Finally, KRS undertook a review of data pertaining to the performance of its contract providers and found that overall these providers were assisting relatively few individuals to find employment or to achieve successful outcomes in comparison to the number of individuals to whom they provided job-seeking services. A more detailed description of this data is provided in the section of this report below related to the improvement of provider performance.

Based on the review of this data and the agency’s assessment of the need for SE services in the state, KRS and RSA agree that KRS should take the necessary steps to improve the number and quality of SE outcomes achieved by Kansans with the most significant disabilities. Because KRS provides SE services only through the contractual arrangements referred to in the preceding paragraph, improvement in this area will be measured through the same methods used to assess the agency’s performance on Performance Goal 2 pertaining to the improved accountability of service providers.

Provision of Technical Assistance to the VR and SE Programs During the Review Process

RSA provided technical assistance to KRS related to the collection, reporting and use of data for the VR and SE programs during the review process. RSA:

RSA verified KRS RSA-911 data while on site. This verification process consisted of using a custom computer application to compare the data reported on the RSA-911 Case Service Report submitted to RSA by KRS to the actual case files, including the original application and the Individualized Plan for Employment (IPE). The verification process focused on 42 data elements reported on the RSA-911 related to an individual’s demographics, type of disability, employment status at application and closure, type of outcome, earnings and hours worked at closure, and dates pertinent to the completion of the various stages of the VR process, among others.

RSA reviewed a non-statistical sample of 11 case files. Four of the records were closed in FY 2006; three were closed in FY 2005; and four of the records were closed in FY 2004.

No significant issues were identified. Minor variations between original case file data and final reported data were identified and explained. Some of these variations were the result of incorrect reporting of data by the individual on the original application.

- Provided training on how to use RSA’s Management Information System.

RSA demonstrated the RSA Management Information System (MIS) to KRS staff. The demonstration included how to locate the RSA-113/RSA-2 monitoring tables, RSA-911 monitoring tables, the standard and indicators, agency report cards and the underlying report card tables. The RSA team also showed staff how to conduct ad hoc queries on the MIS, to obtain information about KRS, and/or compare and contrast its performance with that of other similar agencies.

**VR and SE Program Issues Identified by KRS and Stakeholders During the Review Process**

Through the review process, RSA solicited input from KRS and stakeholders about the following VR and SE program performance and compliance issues:

- improvement of the accountability and performance of service providers for the benefit of the individuals being served through contractual arrangements;
- effective management of the OOS in light of increasing referrals to the VR program;
- capacity of the SRC to perform its mandated functions, to which the governor has not made appointments in accordance with Section 105 of the Act for the past two years; and
- participation of the SRC and the Client Assistance Program in the policy development process.

Following discussion of the issues, RSA worked with KRS to address these issues, either directly or by consolidating the issue into a broader issue area.
VR and SE Performance Issues, Goals, Strategies, Methods of Evaluation and Technical Assistance

RSA and KRS agreed on the following performance goals, strategies to achieve those goals, methods of evaluation and technical assistance that RSA will provide to assist KRS to achieve each goal. KRS will consider including these goals and strategies in its FY 2009 VR State Plan and if they are included, will report progress on achieving these goals in its FY 2011 annual state plan submission.

1. Quantity and Quality of Successful Outcomes

Issue: During FY 2002 through FY 2006, KRS has experienced a decline in the number of individuals it has assisted to achieve successful employment outcomes. In addition, the agency’s performance on measures related to the quality of these outcomes has remained stagnant, with only a slight increase in the average hourly wage and a slight decrease in the average number of hours worked per week (see Table 1 for this and other data describing the performance of KRS over time). Finally, in FY 2006, KRS failed to meet the required minimum performance levels specified in regulations at 34 CFR 361.80(b) for Performance Standard 1. Specifically, KRS did not meet the required levels established for: Indicator 1.1, requiring the number of individuals achieving employment outcomes to meet or exceed that for the prior year; Indicator 1.2, requiring general and combined agencies to assist at least 55.8 percent of the individuals to achieve employment; and Indicator 1.5, which requires the ratio of the average hourly wage of individuals achieving employment through the VR program to the average hourly wage for the general public in the state to be at least .52.

In FY 2006 KRS undertook program improvement activities that have led to improved performance as demonstrated by partial FY 2007 data. In an effort to continue these activities and as a result of the review of the above data, KRS and RSA agreed to the following goal.

Goal: KRS will increase the number and quality of employment outcomes achieved by individuals with disabilities.

Strategies: To achieve the goal, KRS will:

- improve the effectiveness of supported employment and job placement service providers (See related information for Goal 2);
- emphasize full-time competitive employment as the optimal outcome following VR services;
- explore use of rehabilitation paraprofessionals working in partnership with VR counselors to maximize the quality and quantity of employment outcomes; and
- analyze homemaker closures to identify opportunities for reduction, recognizing federal requirements for informed choice and other applicable rules/regulations.

Methods of Evaluation: RSA and KRS will use the following measures to assess the progress of KRS toward achieving this goal.
• The number of persons achieving employment outcomes will equal or exceed the number for the previous year.

FY 2006 baseline data: 1,746

• The percentage of individuals rehabilitated who achieve competitive employment will equal or exceed the baseline.

FY 2006 baseline data: 97 percent

• The average number of hours worked per week by persons rehabilitated will meet or exceed the baseline.

FY 2006 baseline data: 30.74

• The average hourly wages earned by individuals rehabilitated will meet or exceed the baseline.

FY 2006 baseline data: $8.69

• The percentage of homemaker outcomes of all employment outcomes will continue to be reduced.

FY 2006 baseline data: 2 percent

2. Performance of Service Providers

Issue: In FY 2003, KRS adopted a payment-for-performance contract model, which it further refined in FY 2005. KRS contracts with community rehabilitation programs (CRP) to provide supported employment and job placement services through three contract models. Under the terms of these contracts, KRS provides “milestone” payments to the providers at the conclusion of activities conducted during various stages of the VR process, including job seeking, job placement, job stabilization (supported employment only) and the achievement of a successful employment outcome as determined by KRS in accordance with the requirements of the Act and regulations. Presently, KRS provides SE services through contracts with 97 different CRPs across the state and job placement services through contracts with approximately 140 providers.

When first providing input on proposed areas for review, KRS advised RSA that it was considering revising this current contracting system to achieve greater accountability from the providers. Consequently, RSA and KRS collaborated on the review of performance data, which demonstrated that KRS expends significantly more on services provided by CRPs than do other VR programs while these providers assisted relatively few individuals to achieve successful employment outcomes. RSA and KRS conducted an extensive analysis of the performance of each CRP under the three contract models during a period beginning in January 2005 through
May 2007. A number of findings from this data review demonstrate the impact of provider performance on the overall performance of KRS, including:

- KRS spends a significantly higher percentage of its total budget on job placement services provided by CRPs than the national average, e.g., in FY 2005, the KRS expenditure totaled 23.8 percent of the budget compared to a national average of approximately 5.8 percent;
- with respect to the provision of job placement services by CRPs serving individuals with mental illness, KRS has the third highest costs among all VR agencies;
- the CRP’s that serve individuals with developmental disabilities assisted 34 percent of these individuals to achieve successful employment outcomes during the period; and
- a number of the CRP vendors have no successful outcomes during the period analyzed.

To help KRS develop an appropriate approach for the improvement of CRP performance, RSA conducted three focus group meetings with representatives of the CRPs from across the state. The first focus group included directors of CRPs that provide SE services to individuals with mental illness, the second of representatives of CRPs that provide SE services to individuals with developmental disabilities and the third of persons representing providers of job placement services. After providing the data analysis, RSA asked the participants in each of the three sessions to make suggestions regarding the manner in which KRS could structure a more accountable system to better serve individuals with disabilities in the state. In response, the participants:

- supported the implementation of an annual “report card” to evaluate CRP performance and the establishment of future performance goals based on the performance of each provider;
- proposed that CRPs accept a measure under which each provider would be expected to assist an individual to secure a competitive job placement within three to ten months on average;
- requested cross training with VR counselors and CRP staff so that new rules of operation are clearly understood by all parties; and
- requested that KRS counselors collaborate more closely with CRP staff regarding ongoing consumer services.

Based on information gathered during the analysis of data and the meetings with the CRPs, KRS and RSA agreed to the following performance goal.

Goal: KRS will improve the accountability and performance of service providers.

Strategies: KRS will implement the following strategies to achieve this goal.

- Implement the revised payment-for-performance provider agreement in FY 2008, emphasizing clear expectations and performance measures.
- Implement specific outcome benchmarks; pending further stakeholder and provider input, KRS is proposing the following benchmarks:
a. Guided placement service providers will achieve placements for at least 80 percent of individuals served within 90 days and at least 70 percent of these individuals will achieve successful employment outcomes within one year.
b. Job development providers will achieve placements for at least 80 percent of the consumers served within 120 days and at least 65 percent of these consumers will achieve successful employment outcomes within one year.
c. Providers of SE services will achieve placements for at least 80 percent of the individuals served within 180 days and at least 60 percent of these consumers will achieve successful employment outcomes within one year.

- Implement a quarterly “report card” system to track the performance of individual providers. The report card will identify providers on target to achieve benchmarks, those with potential performance issues (yellow flags) and those requiring corrective action (red flags). Appropriate interventions will be implemented based on the provider’s performance.
- Evaluate the effectiveness of the new model agreement nine to twelve months following implementation and on an ongoing basis thereafter.

Methods of Evaluation: KRS and RSA will use the measures listed below to assess the quantity and quality of the outcomes achieved by individuals served by guided placement, job development and SE service providers. KRS is analyzing FY 2006 data to establish the baseline performance levels for these measures:

- The percentage of individuals achieving successful employment outcomes will meet or exceed the baseline.
- The average hourly earnings of individuals achieving successful employment outcomes will meet or exceed the baseline.
- The average number of hours worked per week by individuals achieving successful employment outcomes will meet or exceed the baseline.

Technical Assistance: RSA will identify other VR agencies with promising contracting systems focused on greater accountability and performance of CRPs.

3. Effectiveness and Independence of the SRC

Issue: In FY 2005, four current members of the SRC attended an RSA-sponsored training designed to improve the effectiveness of the councils. However, during a state visit to Kansas in August 2006, RSA staff met with the chairperson and the vice chairperson of the SRC. They informed RSA that Council members did not have a clear understanding of their roles and responsibilities under Section 105 of the Act, and therefore, were unable to carry out these responsibilities in an effective manner. Consequently, they requested additional technical assistance, a request that RSA related to KRS officials during the visit. KRS arranged for the chairperson to attend the semi-annual meeting of the Council of State Administrators for Vocational Rehabilitation in November 2006, at which the SRCs from across the nation held their own meetings. In addition, KRS requested that the Regional Continuing Education Program provide training for the SRC members, which was delivered in March of this year.
Nevertheless, based on information gathered during stakeholder teleconferences, individual telephone calls with the chairperson, and discussions with KRS and observations of an SRC quarterly meeting while conducting onsite monitoring activities, RSA and KRS believe that the SRC members require further technical assistance and support so that they can carry out their responsibilities in meaningful partnership with KRS. Therefore, RSA, KRS and the SRC have agreed to the following goal.

Goal: KRS will support the efforts of the SRC to improve the capacity of SRC members to carry out the mandated functions of the SRC in an effective and independent manner.

Strategies: KRS and the SRC will implement the following strategies to achieve this goal.

- Identify a pool of nominees and work with the governor’s office to ensure that appointments are current and in compliance with the composition requirements contained in Section 105 of the Act.
- The SRC will adopt a committee structure to assist it to carry out its required functions.
- The SRC will independently develop the content for its annual report for FY 2008 and thereafter.

Methods of Evaluation: RSA and KRS will measure progress toward achievement of this goal through the indicators listed below.

- Appointments to the SRC will be current by December 31, 2007.
- Post-meeting ratings by members related to their full Council meetings and opportunities for meaningful involvement will be evaluated. Baseline performance levels will be developed for this indicator during FY 2008.

Technical Assistance: RSA will provide the following technical assistance resources to support KRS and the SRC in achieving progress on this goal.

- Quarterly teleconferences conducted by SRCs, and facilitated by RSA, during which the participants discuss challenges faced by the SRCs as they carry out their responsibilities, possible solutions to these challenges and other topics of interest;
- Web-based training covering the historical development of the SRCs and their mandated functions, available in FY 2008; and
- Participation of RSA staff in regular or special meetings of the SRC in response to requests for specific technical assistance.

VR and SE Program Recommendations

During the course of the review, RSA recommended that KRS establish goals and strategies to ensure that it actively consults with the SRC and the Client Assistance Program on the development and amendment of agency policies related to the delivery of VR services, as required by Sections 101(a)(16)(a) and (b) and 101(a)(21)(ii)(II) of the Act. During the state visit in August 2006 and the conduct of FY 2007 monitoring activities, both the SRC and Client Assistance Program expressed dissatisfaction with the extent to which these organizations have
been involved in the development of KRS policies. On the other hand, KRS described the steps it has taken in recent years to involve both organizations in the process.

To resolve the disparate perceptions held by KRS, the SRC and the Client Assistance Program on this matter, RSA recommended specifically that these organizations collaborate on a written process for the development of policy that specifies the stages of the process, the points at which the SRC and the Client Assistance Program are involved in the process, and suggested timelines for the completion of each stage of the process. KRS has agreed to this recommendation.

VR and SE Program Issues for Further Review

RSA plans on conducting further review of the following issues related to the operation of the VR program by KRS.

1. KRS Staffing Patterns and Effects on its Performance

During monitoring, RSA conducted a review of KRS performance data and staffing patterns to determine if the decrease in the number of (see below) staff over the past several years has had a negative effect on KRS’s performance. In addition, RSA and KRS sought to determine, through this data analysis, if KRS would need to add more “caseload-carrying” counselors so that it could improve its performance and implement new initiatives.

KRS generally has served and assisted fewer individuals to achieve employment outcomes than other state VR agencies, taking into consideration population and funding levels. For example, in FY 2005, KRS achieved 623 competitive employment outcomes per million population compared to a national average of 805 per million, and served 2,409 eligible individuals per million population compared to a national average of 3,462. Likewise, KRS obtained 46 competitive employment outcomes per million dollars spent compared to a national average of 62, and provided services to 244 individuals per million dollars spent compared to a national average of 302. At the same time, KRS employed 85 caseload-carrying counselors, to whom were assigned an average of approximately 100 cases.

As the performance of KRS has declined or remained stagnant over time, the number of staff employed also has decreased. From FY 1995 to FY 2005, total KRS staff declined from 306 to 187. KRS employed approximately 130 counseling and guidance staff throughout the period, until FY 2004. In that year, the number declined to 113 and still further to 107 in FY 2005. KRS reported that this number increased to 119 in FY 2006. These numbers are only an approximation of the decline in caseload-carrying counselors, as KRS reported some individuals in the counselor category on the RSA-2 who did not have individual cases assigned to them.

However, in FY 2005, KRS received significantly more applications and provided services to a greater number of individuals with disabilities. The number of applicants ranged from 5,461 to 6,231 during FYs 2001 through 2004, but increased to 7,600 in FY 2005. Likewise, the number of individuals served ranged from 8,460 to 8,666 in FYs 2002 through 2004, an amount that increased to 9,027 in FY 2005. Although these figures decreased in FY 2006, they still remained above those for FY 2004.
In addition, in its FY 2008 State Plan KRS refers to a caseload study conducted in April 2007 stating that, according to a formula used by SRS to assess staffing capacity and needs, KRS should employ 99 caseload-carrying counselors, 14 more than the current 85. The formula also indicates that the current 85 caseload-carrying counselors are working at 119% of capacity.

Finally, through its FY 2008 State Plan, KRS also has informed RSA that it intends to implement a transition initiative, one of its four major goals for FY 2008 through 2010. There are a total of 296 school districts in Kansas. Because current staff are working above capacity, KRS may need to hire additional staff to implement the initiative effectively.

For these reasons, RSA and KRS are continuing the review of KRS’s staffing patterns and their implications for performance. Through this collaboration, RSA and KRS will be able to determine how to better address its needs in light of the agency’s commitment to improve the quantity and quality of employment outcomes. As a result, KRS may need to hire additional staff as a necessary strategy for the achievement of its goals.

One of the barriers that KRS will face when working toward its goals and implementing initiatives that require the addition of staff is that KRS does not have control over staffing decisions in its regional and field offices. KRS is one of five programmatic agencies within the Division of Integrated Services under SRS, which is divided into six regional offices. The other four agencies within the Integrated Services division are: the Office of Children and Family, the Office of Child Support Enforcement, the Office of Economic and Employment Support and the Office for Operations. The SRS regional directors are responsible for the administrative and program funds associated with all five agencies at the regional level. According to verbal information provided by two regional directors during the on-site visit, the staffing positions in the form of full-time equivalents (FTE) are not assigned to each of the five agencies at the regional level, but rather are used in aggregate to support all programs. For example, a vacant VR counselor position could be assigned to any of the five programs in the region. The two regional directors told the RSA review team members that in fact they did not even know to which programs funds and FTEs were charged, as this is a central office function. Decisions relating to if, how, and when the positions will be filled are the sole responsibility of the SRS regional director, not the KRS VR supervisor or the KRS director. However, regional directors indicate that they do consult VR supervisors in the regions and KRS central office staff when making these decisions, though they clearly stated that they are solely responsible for the final determination.

It is RSA’s understanding that regional directors determine not only which positions will be filled in each of the five programs, but also when they will be filled. In doing so, they may consider budget factors related to programs other than that in which the position will be filled. Therefore, even if a VR program position is to be filled, the regional director may decide not to fill the position for a period of time based on the budget restraints of all programs, despite the fact that RSA has fully funded the VR program in Kansas.

To further review issues related to the control of staff, RSA requested information from KRS, SRS, and the Department of Administration pertaining to vacancy patterns within the VR
program over time. Based on an initial review of data covering FY 2000 through July 2007, RSA has found:

- There were 117 VR counselor positions during the period.
- 36 of the 117 positions were filled by the same individual for the entire period.
- 4 positions were reclassified immediately upon becoming vacant, and so showed no vacancies during the period.
- 12 positions were reclassified after some period of vacancy as a counselor position, and the vacancies prior to reclassification are reflected in the numbers below.
- 77 positions showed a total of 103 vacancies during the period. Of these vacancies--
  - 43 vacancies were filled in less than 100 days;
  - 18 vacancies were filled within 100 and 365 days;
  - 14 vacancies were filled within 365 and 730 days; and
  - 28 vacancies were filled after 730 days.
  - Of the 28 vacancies filled after 730 days, 11 took more than 1,000 days to fill, with a high of 2,051 days.

The data indicate that approximately one-half of the 77 positions that had a vacancy did so for over one year, and one-third of the total of 117 positions had a vacancy of at least one year. Clearly, decisions made by SRS as to how to fill vacancies within the VR program have implications for program performance. In addition, federal regulations at 34 CFR 361.13(c) state the following:

(1) At a minimum, the following activities are the responsibility of the designated State unit or the sole local agency under the supervision of the State unit:
   (i) All decisions affecting eligibility for vocational rehabilitation services, the nature and scope of available services, and the provision of these services. …
   (iv) The allocation and expenditure of vocational rehabilitation funds. …

(2) The responsibility for the functions described in paragraph (c)(1) of this section may not be delegated to any other agency or individual. (emphasis added)

In light of the data presented above RSA will further review whether KRS has adequate control over the staffing of the VR program and the provision of services. RSA is conducting a further review of the central and regional office administration of the Division of Integrated Services within SRS to determine if the staffing practices are consistent with the federal regulations at 34
CFR 361.13(c)(1) and (2). RSA will continue to work through KRS to obtain the necessary information.

2. Management of the Order of Selection

As shown in Table 1, KRS experienced a significant increase in the number of applicants for VR services between FY 2004 and FY 2005, from 6,231 to 7,600. Although 403 fewer applications were received in FY 2006, this figure still represents an amount well above that for previous years.

To better manage the costs of service provision associated with the increasing number of applicants, KRS adopted a practice in August 2006, by which individuals receiving services are required to wait for a specified period of time before services identified on the IPE will be purchased and provided. Currently, KRS is serving only individuals with the most significant disabilities. At the time of the issuance of the memorandum to staff implementing this practice, the specified time period was 60 days from the date of application. In accordance with the provisions of the memorandum, KRS extended the time period to its current 75 days. In brief, the practice requires that the counselor proceed to immediately develop the IPE for each individual assigned to an open category, specify in the IPE a date 75 days from the date of application on which the provision of purchased services will begin, obtain the signature of the individual on the IPE with his or her initials acknowledging the specified date of service provision, and “suspend” the IPE until the specified date occurs at which time the counselor signs the IPE. The counselor can then seek authorization for the purchase of services.

KRS finds that the implementation of this practice benefits the agency by managing the flow of individuals in the VR process, as well as eligible individuals by reducing the time they wait for services to be provided. While benefits to this practice may exist, RSA will further review whether its implementation is consistent with VR program regulations governing the OOS, found at 34 CFR 361.36, and the timely implementation of the IPE, found at 34 CFR 361.45(a) and 361.46(a)(3).

3. Appointments to the SRC

Currently, the SRC is not fully constituted in accordance with the composition requirements found at Section 105(b) of the Act and 34 CFR 361.17(b), because of the number of individuals whose terms have expired, including that of the chairperson and vice chairperson. The governor has failed to reappoint or replace these individuals, whichever is appropriate, for the past two years. However, both the SRC and KRS have informed RSA that all members whose terms have expired continue to participate on the Council. KRS contends that the SRC remains fully constituted, because it is Kansas state policy that council members whose terms have expired continue to serve until a successor has been appointed and qualified. RSA will further review this issue in light of the Kansas policy to determine if the SRC is still fully constituted. If RSA determines that the SRC is not fully constituted, RSA will request that KRS submit a written assurance in connection with the approval of its FY 2008 State Plan, stating that the vacancies on the council will be filled prior to the submission of its FY 2009 State Plan.
Chapter 3: Fiscal Review of the VR Program

RSA reviewed the fiscal management of the VR program by KRS. During the review process, RSA provided technical assistance to the state agency to improve its fiscal management and identified areas for improvement. RSA reviewed the general effectiveness of KRS’ cost and financial controls, internal processes for the expenditure of funds, use of appropriate accounting practices, and financial management systems.

The data in the following table, taken from fiscal reports submitted by VR agencies, speak to the overall fiscal performance of KRS. The data related to matching requirements are taken from the fourth quarter of the respective fiscal year’s SF-269 report. The maintenance of effort (MOE) requirement data are taken from the final SF-269 report of the fiscal year (two years prior to the fiscal year to which it is compared). Fiscal data related to administration, total expenditures, and administrative cost percentage are taken from the RSA-2.

Table # 2

Fiscal Data for KRS for FY 2002 through FY 2006

<table>
<thead>
<tr>
<th>Kansas (C)</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year</td>
<td>2002</td>
<td>2003</td>
<td>2004</td>
<td>2005</td>
<td>2006</td>
</tr>
<tr>
<td>Grant Amount</td>
<td>24,101,168</td>
<td>24,448,819</td>
<td>24,992,359</td>
<td>25,388,051</td>
<td>25,965,641</td>
</tr>
<tr>
<td>Required Match</td>
<td>6,522,934</td>
<td>6,617,025</td>
<td>6,764,133</td>
<td>6,871,226</td>
<td>7,027,550</td>
</tr>
<tr>
<td>Federal Expenditures</td>
<td>24,101,168</td>
<td>24,448,819</td>
<td>24,992,359</td>
<td>25,388,051</td>
<td>25,965,641</td>
</tr>
<tr>
<td>Actual Match</td>
<td>6,522,934</td>
<td>6,631,354</td>
<td>6,764,133</td>
<td>6,871,226</td>
<td>7,183,692</td>
</tr>
<tr>
<td>Over (Under) Match</td>
<td>0</td>
<td>14,329</td>
<td>0</td>
<td>0</td>
<td>156,142</td>
</tr>
<tr>
<td>Carryover</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Program Income</td>
<td>619,151</td>
<td>943,383</td>
<td>868,282</td>
<td>1,006,590</td>
<td>1,050,757</td>
</tr>
<tr>
<td>Maintenance of Effort (MOE)</td>
<td>6,183,225</td>
<td>6,349,302</td>
<td>6,522,934</td>
<td>6,636,862</td>
<td>6,764,133</td>
</tr>
<tr>
<td>Administrative Costs</td>
<td>3,403,259</td>
<td>3,110,731</td>
<td>3,303,044</td>
<td>3,913,927</td>
<td>2,372,681</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>31,783,224</td>
<td>29,006,507</td>
<td>31,193,972</td>
<td>37,023,370</td>
<td>35,478,452</td>
</tr>
<tr>
<td>Percent Admin Costs to Total Expenditures</td>
<td>10.71%</td>
<td>10.72%</td>
<td>10.59%</td>
<td>10.57%</td>
<td>6.69%</td>
</tr>
</tbody>
</table>

Explanations Applicable to the Fiscal Profile Table

Grant Amount: The amounts shown represent the final award for each fiscal year, and reflect any adjustments for MOE penalties, reductions for grant funds voluntarily relinquished through the reallocation process, or additional grant funds received through the reallocation process.

Match (Non-Federal Expenditures): The non-Federal share of expenditures in the Basic Support Program, other than for the construction of a facility related to a community rehabilitation program, was established in the 1992 Amendments to the Rehabilitation Act at 21.3 percent. As such, a minimum of 21.3 percent of the total allowable program costs charged
to each year’s grant must come from non-Federal expenditures from allowable sources as defined in program and administrative regulations governing the VR Program. (34 CFR 361.60(a) and (b); 34 CFR 80.24)

In reviewing compliance with this requirement, RSA examined the appropriateness of the sources of funds used as match in the VR Program, the amount of funds used as match from appropriate sources, and the projected amount of state appropriated funds available for match in each federal fiscal year. The accuracy of expenditure information previously reported in financial and program reports submitted to RSA was also reviewed.

**Carryover:** Federal funds appropriated for a fiscal year remain available for obligation in the succeeding fiscal year only to the extent that the VR agency met the matching requirement for those federal funds by September 30 of the year of appropriation. (34 CFR 361.64(b)) Either expending or obligating the non-federal share of program expenditures by this deadline may meet this carryover requirement.

In reviewing compliance with the carryover requirement, RSA examined documentation supporting expenditure and unliquidated obligation information previously reported to RSA to substantiate the extent to which the state was entitled to use any federal funds remaining at the end of the fiscal year for which the funds were appropriated.

**Program Income:** Program income means gross income received by the state that is directly generated by an activity supported under a federal grant program. Sources of state VR program income include, but are not limited to, payments from the Social Security Administration for rehabilitating Social Security beneficiaries, payments received from workers’ compensation funds, fees for services to defray part or all of the costs of services provided to particular individuals, and income generated by a state-operated community rehabilitation program. Program income earned (received) in one fiscal year can be carried over and obligated in the following fiscal year regardless of whether the VR agency carries over federal grant funds. Grantees may also transfer program income received from the Social Security Administration for rehabilitating Social Security beneficiaries to other formula programs funded under the Act to expand services under these programs.

In reviewing program income, RSA analyzed the total amount (as compared to the total percentage of income earned by all VR agencies and comparable/like VR agencies), sources, and use of generated income.

**Maintenance of Effort (MOE):** The 1992 Amendments revised the requirements in section 111(a)(2)(B)(ii) of the Act with respect to maintenance of effort provisions. Effective Federal FY 1993 and each Federal fiscal year thereafter, the maintenance of effort level is based on state expenditures under the title I State plan from non-federal sources for the federal fiscal year two years earlier. States must meet this prior year expenditure level to avoid monetary sanctions outlined in 34 CFR 361.62(a)(1). The match and maintenance of effort requirements are two separate requirements. Each must be met by the state.

In reviewing compliance with this requirement, RSA examined documentation supporting fiscal year-end and final non-federal expenditures previously reported for each grant year.
**Administrative Costs**: Administrative costs means expenditures incurred in the performance of administrative functions including expenses related to program planning, development, monitoring and evaluation. More detail related to expenditures that should be classified as administrative costs is found in VR Program regulations at 34 CFR 361.5(b)(2).

**Provision of Technical Assistance to the VR and SE Programs During the Review Process**

RSA provided technical assistance related to the fiscal management of the programs by KRS as follows:

- After providing a synopsis of each requirement, RSA reviewed with financial staff its assessment of KRS’ compliance with specific financial requirements – match, maintenance of effort (MOE), carryover, reallocation, program income, liquidation of outstanding obligations and grant closeout.

- RSA reviewed with staff the OMB Circular A-87 semiannual certification requirement applicable to staff working full-time on one grant program or cost objective. At the end of the on-site review, KRS ensured RSA that immediate action would be taken to comply with this requirement by adding a certification statement to the timesheet signed by each employee. KRS is working with SRS to identify the positions to which this requirement applies.

- RSA discussed the reallocation process and the priority for redistributing any available FY 2007 VR Program funds. Although entitled to priority consideration, KRS did not request additional federal funds through this process in FYs 2003, 2005 and 2006. From discussions with financial staff, sufficient non-federal resources were not available in any of these years. Strategies were discussed related to requesting additional state appropriations for this purpose. KRS financial staff were reminded that the match for any additional federal funds received through this process must be made by September 30 of the year for which the funds were appropriated. Failure to expend (or obligate) sufficient match could result in the loss of the use of all or part of any reallocated funds received.

- RSA discussed the carryover provisions in the Act and the advantages of carrying over some federal funds from each fiscal year. Recently, Congress has not passed the budget for the VR Program until well past the start of the fiscal year. Carryover funds can supplement the federal current year funds made available through continuing resolutions and prevent the cash-flow problems experienced by some VR agencies at the beginning of the federal fiscal year.

- RSA discussed the contracting practices of KRS and provided guidance on federal requirements applicable to contracting for goods and services and the regulatory provisions at 34 CFR 76.50(b)(2), which specify that federal funds cannot be subgranted unless permitted through the authorizing statute and regulation.
VR and SE Fiscal Compliance Issues, Goals, Strategies, Methods of Evaluation, and Technical Assistance

1. Subgranting of Title I Funds

Issue: The Education Department General Administrative Regulations (EDGAR) state that subgranting is not permitted unless specifically allowed under the statute authorizing the particular program (34 CFR 76.50(b)(2)). The Act does not specifically permit subgranting of Title I funds and, therefore, these funds cannot be used in this manner.

- During the on-site visit, RSA was informed by KRS that it had a number of subgrants for FY 2006. RSA requested that all subgrants for FY 2006 be copied and provided to RSA. In response to this request, KRS provided copies of 13 subgrants for FY 2006.
- KRS staff stated that these agreements were called subgrants, but were actually contracts.
- A review of one of the 13 grants as to form and content confirmed that these agreements were subgrants as evidenced by the fact that:

  1. KRS was listed as the “Grantor” and the subgrantee (an IL Center) as the “Grantee;”
  2. the agreements discussed the transfer of funds and the length of the performance period;
  3. the Title I Grant Award Notification from the Department of Education to Kansas was attached to each agreement; and.
  4. payments were made and the “grant” was closed out at the beginning of the performance period.

Upon review RSA has determined that these agreements were subgrants and not contracts, and therefore KRS was in violation of 34 CFR 76.50(b)(2). KRS has informed RSA that, as a result of the review, it has ceased the subgranting of all Title I funds, effective July 1, 2007.

Goal: KRS will cease all subgranting of Title I funds immediately and will develop alternate means, such as contracts or cooperative agreements, for the disbursement of funds to service providers.

Strategies: KRS will implement the following strategies to address the goal.

- KRS and SRS will provide the RSA Fiscal Unit all executed subgrants entered into during FYs 2002 through 2007 for review.
- KRS will develop new contracting documents for the expenditure and monitoring of funds according to the Act and applicable regulations.
- KRS will develop new contracting processes to bring the program and fiscal management of the program into compliance with the Act and applicable regulations.
Technical Assistance: To assist KRS to achieve the goal and implement the identified strategies, RSA will:

- participate in teleconferences to provide general direction in contract development and administration, or to address specific concerns of KRS; and

- provide on-site assistance when staff return to KRS to further review, monitor, evaluate, and identify those areas which have been corrected and those which are still in need of corrective action.

**VR and SE Recommendations**

- Despite being on an order of selection with closed categories, KRS is currently transferring all Social Security reimbursement program income to IL centers. This is a longstanding practice. KRS has used VR Program resources to support other programs at the same time that sufficient resources are not available to serve all VR consumers.

  RSA recommends that, with the exception of expenditures falling under the innovation and expansion authority of the VR Program, KRS should take steps to limit use of income received through the VR program to support the VR program. This policy should remain in effect as long as KRS cannot serve all eligible individuals applying for VR services.

**VR and SE Issues for Further Review**

Throughout FY 2008, RSA will conduct further review of the practices of KRS and SRS described below to determine if they are consistent with the Act and applicable regulations.

1. **Cost Allocation/Indirect Costs**

   In reviewing costs charged to the federal and non-federal shares of VR Program, RSA uses as its guide, OMB Circular A-87 (A-87), “Cost Principles for State, Local and Indian Tribal Governments,” which establishes principles and standards for determining costs for Federal awards carried out through grants to States. Under “Objectives” in Attachment A of this Circular (General Principles for Determining Allowable Costs), it is clearly stated that the principles are:

   - for cost determination, and are not intended to identify the circumstances or dictate the extent of Federal or governmental unit participation in the financing of a particular program or project; and

   - designed to provide that Federal awards bear their fair share of cost recognized under these principles except where restricted or prohibited by law. Provision for profit or other increment above cost is outside the scope of this Circular.

   A-87 further states that, “The total cost of Federal awards is comprised of the allowable direct cost of the program, plus its allocable portion of allowable indirect costs, less
applicable credits.” Further, costs must be allocable to federal awards, i.e., goods or services are charged in accordance with relative benefits received.

During RSA’s onsite review several concerns surfaced related to the methodology used by KRS in the charging, and subsequent reporting of, VR Program expenditures:

- The SRS Cost Allocation manager informed RSA that there are State funds expended in support of the VR Program that are not reported on the SF-269. RSA was not clear as to the total amount or the source of funding for these unreported expenditures, but SRS/KRS was advised that the maintenance of effort requirements applicable to the VR Program require states to report all funds expended in support of the VR Program.

- RSA’s initial review disclosed that, at the start of each fiscal year, each Region is provided a budget that does not identify the source of funds, from which to operate all programs housed in the Regional Offices. The Regional Director has sole discretion over expenditures within the approved budget and ultimately makes funding decisions without knowing the source, or the availability, of funds under each specific grant program.

Sufficient time was not available for RSA to review how costs that are incurred by the VR Program at the Regional Office level are allocated and ultimately reported on financial reports submitted to RSA.

2. System of Contract Administration

In expending federal grant funds, EDGAR allows states to use the same policies and procedures that are used for expending state funds. However, each states contract administration system must have policies and procedures in-place to ensure that contractors perform in accordance with the terms, specifications and conditions of their contracts. OMB Circular A-87 requirements related to costs being allowable, necessary, reasonable and allocable also apply.

RSA’s initial review of KRS’ administration of contractual arrangements, including “grants,” found several areas that require further review:

- **Use of VR Program Funds**

  Twelve of the 13 FY 2006 KRS subgrants reviewed had a grant period of September 30, 2006 to September 30, 2007, with the thirteenth subgrant period beginning on July 1, 2006. Each of these subgrants was funded with Title I funds, though the majority were to support IL services.

- **Contractor Performance/Contract Payments**

  A review of the agency’s outstanding obligations as of the 4th, 5th and 6th quarters for FYs 2003 through 2006, identified the following clearance patterns:
Table #3
Liquidation of Obligations for Subgrants

<table>
<thead>
<tr>
<th>Federal Fiscal Year</th>
<th>Unliquidated Obligations as of September 30th</th>
<th>Unliquidated Obligations as of December 31st</th>
<th>Unliquidated Obligations as of March 31st</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td><strong>$3,035,267</strong></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2005</td>
<td><strong>$5,093,596</strong></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2004</td>
<td><strong>$7,953,178</strong></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2003</td>
<td><strong>$8,015,000</strong></td>
<td><strong>$578,126</strong></td>
<td>$0</td>
</tr>
</tbody>
</table>

Of the $3,035,267 in FY 2006 unliquidated obligations at the close of that fiscal year, over $1.5 million was related to the 13 subgrants discussed above. In addition, while the performance period for each of these grants was for one year, in FY 2003 all payments were made within the first 120 days of the grant period, while those for FYs 2004, 2005, and 2006 were paid within the first 90 days. Documentation was not readily available to support that the grantees/contractors had fulfilled the terms and conditions of these one-year agreements and were entitled to all payments made during the initial periods of the contractual arrangements.

- **Proposed Contract Format**

KRS requested that RSA review a new contract document that was to be used to replace a former subgrant agreement as of July 1, 2007. The RSA found that it was similar to the original subgranting document and that it did not include: 1) measurable outcomes tied to payments; 2) a budget or discernable cost categories that detail how funds are budgeted; and 3) any program design or fiscal plan to implement the proposed agreement. RSA will provide further guidance to assist KRS properly restructures its contractual arrangements.

3. **Budgetary/Expenditure Control**

- VR program regulations at 34 CFR 361.13(c)(1)(iv) require that the VR Director have direct control over all VR program funds (federal and state). However, according to information gathered during the on-site review, RSA found that SRS central and regional office staff, not the VR director and VR regional supervisors, ultimately determine and control the expenditure of VR program funds. Two SRS regional administrators interviewed during on-site activities stated that if equipment is to be purchased or a decision is to be made on whether to hire a staff person, including VR staff, the VR Director must obtain permission from the SRS Regional administrator.

- As discussed in Chapter 2, it is RSA’s understanding that the SRS regional administrators assign support staff positions to whichever of the SRS five programmatic agencies the administrators find are in need of that support. While KRS reports that VR funds are not spent on non-VR staff, RSA intends to further review this area to determine sufficiency of clerical support and documentation supporting the allocation of costs for clerical/support staff charged to the VR program.
4. **Budget Development and Administration**

- Each of the six SRS regional offices submits a proposed budget to the central administration in Topeka, broken out by grant, program and projected FTEs. However, when the regional budgets are returned, they are no longer broken out by grant or program, but rather appear as a lump sum.

- It is RSA’s understanding that each regional administrator is responsible for the determination of the manner in which the budgeted funds will be spent, without any guidance as to the amount available for each grant or program. RSA will review the impact of how the VR funds are managed in this manner, when no fiscal detail or written guidance is given to the managers in the region in the administration of their budgets.
Chapter 4: IL Program

Program Organization

As mentioned earlier in this report, a 1999 memorandum of understanding assigned significant administrative responsibilities for the state’s IL program from KRS to the Office of Community Supports and Services (OCSS), also located within SRS. The relationship between KRS and OCSS was a subject of the review and will be discussed in greater detail later in this chapter.

The SILC in Kansas, known as SILCK and located in Topeka, is organized as a private nonprofit entity under Internal Revenue Code Section 501(c)(3). SILCK is independent from any state agency, including the designated state unit. It is comprised of 18 members, four of whom represent different state agencies in an ex-officio capacity. The SILCK Board of Directors selects potential members and submits the nominees to the governor for appointment.

Currently, a network of 13 centers for independent living (CIL) operates in Kansas. While efforts are underway within the IL community to enhance the capacity of the existing centers to carry out their activities, there are no plans to expand the number of CILs located in Kansas.

The table presented below describes the funding available in Kansas for IL during FY 2006, as required to be reported to RSA on Form RSA-704, Annual Performance Report for State Independent Living Service Program. Other sources of funding may have been available, though not reported.

<table>
<thead>
<tr>
<th>Sources</th>
<th>Amounts of Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part B Funds</td>
<td>301,477</td>
</tr>
<tr>
<td>Older Blind</td>
<td>284,337</td>
</tr>
<tr>
<td>Other Federal Funds</td>
<td>333,697</td>
</tr>
<tr>
<td>State Funds</td>
<td>850,479</td>
</tr>
<tr>
<td>Local Government</td>
<td>0</td>
</tr>
<tr>
<td>Private/Other Funds</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>1,769,990</td>
</tr>
</tbody>
</table>

In FY 2007, state and federal funds totaling $2,967,932 were available to support IL activities in Kansas. The state made available $298,576 under Title VII, Part B, $100,000 under Title I, and $32,416 in state funds to support the SILCK resource plan.

Provision of Technical Assistance to the IL Program During the Review Process

RSA provided the following technical assistance to KRS OCSS and the SILCK during the review process:
• clarification of the roles and responsibilities of IL community members; and
• clarification of the legal requirements related to the disbursement of Title VII, Part B funds.

Promising IL Practices Identified by KRS and Stakeholders During the Review Process

During the review process, RSA sought input from KRS and stakeholders about promising practices. Based on this input, RSA identified as a promising practice the extensive collaboration among the state agencies responsible for IL and the IL community. A wide variety of community interests and organizations are actively and productively involved in the conduct of IL activities. An example of this strong collaboration is the Kansas Disability Caucus, an annual event for which the IL community provides significant support. This event brings together over 500 individuals representing a variety of disabilities, ages and agencies. In addition to providing a forum for garnering community input and identifying goals, the Caucus also operates as a method to develop leadership capacity among the state’s youths with disabilities.

IL Issues Identified by KRS and Stakeholders During the Review Process

During the review process, RSA solicited input from KRS and stakeholders about IL performance and compliance issues. Of concern to KRS and the stakeholders were:

• the proper designation of the DSU;
• the appropriate mechanisms for utilization of funds available under Title VII, Part B; and
• the oversight and monitoring of all IL funds.

IL Performance Issues, Goals, Strategies, Methods of Evaluation, and Technical Assistance

As a result of the review, RSA, KRS, OCSS and the SILCK agreed on the following IL performance goals, strategies to achieve those goals, methods of evaluation and technical assistance that RSA would provide to assist these parties to achieve each goal.

1. Oversight of IL Funds

Issue: In FY 2007, Kansas supported IL activities throughout the state with a total of $2,967,932. Of this amount only $765,874 are available under Title VII, Part C. The remaining $1,802,058 of these funds are made available through state general funds, an amount that has been increasing steadily over previous years.

During the on-site activities, OCSS, KRS, the SILCK and other stakeholders expressed concerns regarding the ability of the state agencies to monitor the ever-increasing state general funds used to support IL activities. Specifically, they are concerned about their ability to report effective utilization of funds.
The CILs in Kansas, in part through support from the SILC and KRS, have instituted the peer-driven QUILLS review process. This process is intended as a quality review process, and not a compliance review.

OCSS and KRS attribute their concerns to the lack of staff resources available to monitor these funds. These agencies have not been able to assign current or additional staff to the monitoring of these funds, although the amount requiring oversight has continued to increase. Stakeholders suggested that the state agencies allocate a portion of the funds to the support of monitoring activities.

While on-site, RSA discussed with OCSS and KRS the methods to be used when monitoring the use of both state and federal funds. RSA made clear that, while the majority of the funds are not subject to federal review, the agencies could benefit from the sharing of monitoring protocols and results. This is particularly true because Kansas has determined that all CILs will comply with Section 725 of the Act, regardless of whether they receive state and/or federal funding. Furthermore, many CILs in Kansas receive and use both state and federal IL funds to provide similar services. RSA believes that collaborative efforts in monitoring would help build efficiencies.

Based on the information gathered during the review, RSA, OCSS, KRS and the SILCK agreed to the following goal to address this issue.

Goal: OCSS and KRS will collaborate to ensure that the oversight of state and federal funds made available to the CILs in Kansas is carried out in an effective and efficient manner.

Strategies: OCSS and KRS will engage in the following strategies to achieve this goal:

- OCSS and KRS will come to a mutual understanding of their monitoring responsibilities and determine their capacity to meet these needs;
- OCSS and KRS will identify any gaps in these needs; and
- OCSS and KRS will identify possible funding or other resources to meet these needs.

Method of Evaluation: Although the monitoring of state funds is not the responsibility of RSA, it will consider this goal to be achieved if all parties report satisfaction in the manner in which OCSS and/or KRS are conducting their monitoring responsibilities.

Technical Assistance: RSA will assist the parties to achieve this goal by:

- providing technical assistance regarding the roles of each in the monitoring of different types of funds;
- providing monitoring protocols and, as is the standard practice, results of on-site reviews of CILs; and
- providing technical assistance on an as-needed basis.
RSA, OCSS, KRS and SILCK agreed on the following IL compliance goals, strategies to achieve those goals, methods of evaluation to determine that the compliance issue has been resolved, and technical assistance that RSA will provide to assist the parties to achieve each goal.

1. **Administration of IL Programs**

   **Issue:** As explained earlier in this chapter, OCSS is primarily responsible for the administration of the IL programs. However, according to regulations found at 34 CFR 364.4, the designated state agency (DSA) for IL in a state must be the agency, or other organizational unit, that is primarily concerned with the administration of the VR program. While the DSU may be responsible for other rehabilitation services, it still must administer the federal VR program authorized under Title I of the Act. KRS is the state organizational unit in Kansas that meets this regulatory definition of the DSU for IL programs.

   Consequently, Kansas may execute a memorandum of understanding, or other agreement, under which OCSS retains some of the administrative functions of the state IL program. Nevertheless, KRS must exercise the ultimate responsibility for administering the program, pursuant to 34 CFR 364.4. The terms of the current memorandum of understanding do not meet this requirement. Therefore, to address this issue, OCSS and KRS have agreed to the following goal.

   **Goal:** OCSS and KRS will work to establish an administrative structure under which KRS is the DSU and duties related to administration of the IL program are assigned to each agency, as appropriate, in an effective and efficient manner.

   **Strategies:** To achieve this goal, the relevant parties will engage in the following strategies:

   - SRS, KRS, OCSS and SILCK will reach agreement on the manner in which the administrative duties related to the state IL program are assigned; and
   - the parties will complete the appropriate legal document to establish these responsibilities.

   **Method of Evaluation:** RSA will determine that the matter has been successfully resolved upon the approval of a new agreement related to this issue or receipt of written notice that all DSU responsibilities have been permanently re-assigned to KRS.

   **Technical Assistance:** RSA will assist the parties to achieve this goal by:

   - providing ongoing technical assistance regarding the federal statutory and regulatory requirements pertinent to this issue; and
   - providing technical assistance regarding the appropriate terms of the new agreement including, but not limited to, the exchange of experiences from other states which have addressed similar challenges.

2. **Mechanisms for the Expenditure of Title VII, Part B Funds**
Issue: According to on-site conversations, and review of the proposed FY 2008 State Plan for Independent Living (SPIL), the DSU allocates a portion of the Part B funds to SILCK to be further distributed to the CILs for the purpose of funding advocacy projects. The proposed SPIL projects that between $52,000 and $104,000 per year will be used for this activity. The SILC has historically (and will continue to under the proposed SPIL) designed the request for proposal used to solicit applicants for the funds, managed the resulting competition, determined to which applicants the funds will be awarded, and carried out the funding and oversight activities. However, SILCK’s exercise of these activities is inconsistent with federal requirements.

Section 704(c) states that it is the responsibility of the DSU to “receive, account for, and disburse funds . . . .” Furthermore, these duties are not among those that regulations allow to be delegated to the SILC (34 CFR 364.22(c) and 364.57). The conduct of competitions to award Title VII funds to IL service providers and the disbursement of those funds are activities reserved for the DSU.

Nonetheless, the DSU should consider the input of consumers when determining the manner in which to disburse Title VII funds. The SPIL (which must be signed by the SILC) may identify advocacy as a need to be addressed with Part B dollars. The SPIL could also include language requiring the SILC to make periodic recommendations to the DSU as to areas and methods where dollars would be most effectively spent. The DSU may also consult with the SILC as to whether applications submitted address the identified needs. SILC members could also participate in grantee reviews, primarily to determine the impact of these activities on implementation of state plan goals. Ultimate authority for the dollars must, however, remain with the DSU.

RSA, KRS, OCSS and SILCK have agreed to the following goal to address this issue.

Goal: KRS, OCSS and SILCK will work to create a collaborative process by which Title VII, Part B dollars can be allocated for advocacy or other purposes.

Strategies: The parties will implement the following strategies to achieve the goal:

- the parties will achieve a mutual understanding of the responsibilities of IL partners as it relates to administration of Part B funds;
- the parties will develop a process for identification of areas where Part B dollars should be spent to address SPIL goals; and
- the parties will identify a process for the administration of these funds that meets regulatory requirements, while maximizing the use of consumer input.

Method of Evaluation: RSA will determine the matter has been successfully resolved upon the development of a policy addressing the above issues and the implementation of the policy.

Technical Assistance: To assist the parties to achieve the goal, RSA will provide technical assistance on the relevant regulatory requirements.
3. **IL Recommendations**

RSA recommends that KRS and the SILC establish a goal and strategies to address the following IL issue.

4. **IL Utilization of Title I Dollars**

KRS has historically sub-granted Title I dollars directly to the IL community. As stated in Chapter 3 of this report, RSA informed KRS that the practice of disbursing Title I funds is not permitted under the Act and KRS agreed not to continue this practice. See Chapter 3 for a more detailed discussion of this issue.

Upon review of the IL sub-grants, RSA found that many of the subgrants did not require that the outcomes achieved should be related to a vocational goal, a requirement under which the CILs are to receive Title I funds. Although the sub-granting of Title I dollars will not be continuing, RSA does recommend the IL community and KRS discuss ways in which the descriptions of these services could be revised to meet the regulatory requirements for the use of Title I funds. RSA believes that these IL services can contribute to an individual’s achievement of a successful employment outcome, and that KRS should consider purchasing such services on a fee-for-service basis. RSA is available to provide further technical assistance related to this issue.
Chapter 5: OIB Program

Program Organization

The OIB program in Kansas is administered by KRS. In FY 2006, KRS received $372,145 for the administration of the program and the provision of services, with $334,336 of that amount provided for under Title VII, Chapter 2. As reported by KRS on the FY 2006 annual report of the program (Form RSA-7 OB), the funding supported 4.3 FTEs, 3.3 of which are filled by individuals with disabilities, two of whom are from a racial or ethnic minority group.

In FY 2006, KRS served 607 individuals through the OIB program. These consumers were from a variety of age groups although the majority, 50 percent, were between 80 and 89 years of age. Of the total individuals served, 92 percent lived alone or with a spouse, while 96 percent lived in a private residence. Of the total, 98 percent were either legally blind or had a severe visual impairment. Macular Degeneration was the most common cause of visual impairment, with 74 percent of the individuals reporting that this was the cause of their impairment. The consumers also reported having a variety of other disabilities, including those related to cardiac disorders, the musculoskeletal system and hearing. Collectively, these three comprised 37 percent of the total conditions reported other than visual impairments.

KRS used 92 percent of the total funds available to provide training services. Within this category of service, KRS most often provided training designed to improve the low vision, communication and daily living skills of the program’s consumers. OIB staff also conducted 12 community-based training/outreach workshops serving 141 consumers.

OIB Issues Identified by KRS and Stakeholders During the Review Process

During the review process, RSA solicited input from KRS and stakeholders about OIB performance and compliance issues. Both KRS and stakeholders agreed that there is a need to increase the program’s capacity to serve more individuals.

OIB Performance Issues, Goals, Strategies, Methods of Evaluation, and Technical Assistance

1. Program Capacity

Issue: During its initial review of program performance, RSA focused its discussions with KRS on the large amount of program funds that were used to provide training services in FY 2006. In comparison, a significantly smaller amount was used to purchase adaptive aids or devices for individuals served through the program. Members of the Advisory Committee for the agency’s Blind Services Division also expressed concern that not enough individuals were receiving such items with assistance from the OIB program.

Through further discussion following the on-site visit, RSA and KRS determined that, because of the current demographics of the individuals served by the program, it was not prudent to concentrate the efforts of KRS on the provision of increasing amounts of adaptive aids and services. Rather, RSA and KRS agreed that KRS should undertake an assessment of the
program’s overall capacity to carry out its functions. As a result, RSA and KRS agreed on the following OIB performance goal, strategy to achieve the goal, methods of evaluation, and technical assistance that RSA will provide to assist KRS to achieve the goal.

Goal: KRS will increase the capacity of the OIB program to serve greater numbers of individuals.

Strategy: To achieve the goal, KRS will work in partnership with SILCK, consumers, stakeholder organizations and advocates to conduct a comprehensive strategic planning process and to identify opportunities to strengthen service delivery.

Methods of Evaluation: RSA and KRS will assess the agency’s progress toward achieving the goal through the following measures.

- The satisfaction of stakeholders related to opportunities for meaningful involvement in designing effective service delivery strategies will increase over time, based on a survey conducted following the planning process.

- The number of persons served will equal or exceed the previous year.

  FY 2006 baseline performance level: 607

- The provision of OIB services will enhance the ability of individuals served to live independently in at least 90% of case closures based on a pre- and post-service analysis.

  Baseline performance level: to be established in FY 2008

Technical Assistance: RSA will share knowledge of best practices related to OIB service delivery and will be available to provide technical assistance related to OIB regulations and requirements.
Chapter 6: Progress on Issues Raised in Previous Reviews

As a result of the RSA review conducted with KRS in FY 2004, KRS developed a Corrective Action Plan (CAP). The CAP addressed the following three findings:

1. KRS had failed to complete interagency agreements with public institutions of higher education (IHE), as required by 34 CFR 361.53(d)(2).

2. KRS had not adequately documented the use of presumptive eligibility in accordance with 34 CFR 361.42(a)(3).

3. For a majority of those cases reviewed in which eligibility had not been determined within 60 days, KRS had not documented an agreement between the VR counselor and the individual extending the time for this determination, as required by 34 CFR 361.41(b)(1).

RSA based the approval of the FY 2007 VR State Plan on a written assurance from KRS that it would complete the required interagency agreements with public IHEs no later than September 30, 2007. During a teleconference conducted on July 10, 2007, KRS informed RSA that it had nearly completed negotiations on a model interagency agreement. While a few minor issues remained to be resolved, KRS still anticipated that the Board of Regents would distribute the model agreement to the public IHEs with a recommendation to sign the agreement by September 30, 2007. Therefore, KRS expects that it will be able to complete all required IHE agreements prior to the close of FY 2007, as required by its written assurance. KRS has agreed to update RSA on the progress of this activity by providing RSA with a copy of the model agreement, along with copies of the executed signature pages for each agreement concluded with the IHEs. Upon review of the model agreement and receipt of copies of the signature pages for all public IHEs, RSA will notify KRS that no further activity related to this matter is required. RSA will consider further actions to be taken if KRS is unable to complete the agreements with all the public IHEs in Kansas by September 30, 2007.

With respect to Items 2 and 3 of the CAP, KRS has completed all activities identified in the CAP intended to resolve the findings, including modifications to the agency’s management information system and the provision of training to field staff. During the July 10th teleconference, KRS agreed to provide RSA with data demonstrating that these activities have resulted in successful compliance with the referenced regulations in 90 percent of the cases reviewed by KRS.
Chapter 7: Summary Conclusion

KRS is committed to strengthening its ability to assist individuals with disabilities to achieve competitive employment through the VR and SE programs. To do so, KRS, both as a result of this review and the development of its FY 2008 State Plan, has developed goals designed to improve the quantity and quality of employment outcomes achieved by its consumers, the accountability and performance of its service providers and the effectiveness of the SRC. However, the extent to which KRS can accomplish these goals will be affected by: its ability to effectively manage its order of selection as the number of applicants increases, the degree to which KRS is able to employ the staff necessary for the achievement of the goals, and the control that it exercises over the expenditure of its funds for the administration and operation of the program.

KRS, OCSS, SILCK and the network of CILs in the state have developed strong relationships through which all parties work to improve the independent living outcomes for individuals with disabilities. This effective collaboration has resulted in increasing appropriations from the Kansas legislature for the provision of IL services. With the increase in funding comes the need to oversee these funds in a responsible manner. Therefore, KRS and OCSS have agreed to collaborate on methods for the monitoring of state and federal IL funds to ensure that these activities are carried out in an effective and efficient manner. KRS, OCSS and the SILCK also have agreed to take the necessary steps to ensure that KRS, as the Designated State Unit (DSU) for the IL programs, is responsible for the disbursement of all Title VII, Part B funds, including those used to support the provision of advocacy services by the CILs.

Finally, KRS is serving primarily individuals who are above the age of 80 through the OIB program. Because these individuals generally have little need or desire to use sophisticated forms of assistive technology, such as computers, the services delivered to OIB consumers are focused on training in the use of less complex forms of AT and techniques in daily living. As a result of the review, KRS has determined to conduct a comprehensive strategic planning process, aimed at enhancing the capacity of KRS to serve increasing numbers of individuals through the program.
Table 5 summarizes the results of RSA’s review

<table>
<thead>
<tr>
<th>Agency: KRS</th>
<th>Program: VR and SE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal</strong></td>
<td><strong>Strategies</strong></td>
</tr>
<tr>
<td>1. KRS will increase the number and quality of employment outcomes achieved by individuals with disabilities.</td>
<td>1. Improve the effectiveness of supported employment and job placement service providers (See related information for Goal 2); 2. Emphasize full-time competitive employment as the optimal outcome following VR services; 3. Explore use of rehabilitation paraprofessionals working in partnership with VR counselors to maximize the quality and quantity of employment outcomes; and 4. Analyze homemaker closures to identify opportunities for reduction, recognizing federal requirements for informed choice and other applicable rules/regulations.</td>
</tr>
<tr>
<td>2. KRS will improve the accountability and performance of service providers.</td>
<td>1. Implement the revised payment-for-performance provider agreement in FY 2008, emphasizing clear expectations and performance measures. 2. Implement specific outcome benchmarks 3. Implement a quarterly “report card” system to track the performance of individual providers. The report card will identify providers on target to achieve benchmarks, those with potential performance issues (yellow flags) and those requiring corrective action</td>
</tr>
</tbody>
</table>

40
| 3. KRS will support the efforts of the SRC to improve the capacity of SRC members to carry out the mandated functions of the SRC in an effective and independent manner. | 1. Identify a pool of nominees and work with the governor’s office to ensure that appointments are current and in compliance with the composition requirements contained in Section 105 of the Act.  
2. The SRC will adopt a committee structure to assist it to carry out its required functions.  
3. The SRC will independently develop the content for its annual report for FY 2008 and thereafter. |
| 4. KRS will cease all subgranting of Title I funds immediately and will develop alternate means, such as contracts or cooperative agreements, for the disbursement of funds to service providers. | 1. KRS and SRS will provide the RSA Fiscal Unit all executed subgrants entered into during FYs 2002 through 2007 for review.  
2. KRS will develop new contracting documents for the expenditure and monitoring of funds according to the Act and applicable regulations.  
3. KRS will develop new contracting processes to bring the program and fiscal management of the program into compliance with the Act |

(red flags). Appropriate interventions will be implemented based on the provider’s performance.

4. Evaluate the effectiveness of the new model agreement nine to twelve months following implementation and on an ongoing basis thereafter.

| 1. Quarterly teleconferences conducted by SRCs, and facilitated by RSA, during which the participants discuss challenges faced by the SRCs as they carry out their responsibilities, possible solutions to these challenges and other topics of interest;  
2. Web-based training covering the historical development of the SRCs and their mandated functions, available in FY 2008; and  
3. Participation of RSA staff in regular or special meetings of the SRC in response to requests for specific technical assistance. |

| 1. Participate in teleconferences to provide general direction in contract development and administration, or to address specific concerns of the agency; and  
2. Provide on-site assistance when staff return to KRS to further review, monitor, evaluate, and identify those areas which have been corrected and those which are still in need of corrective action. |
and applicable regulations.

**VR and SE Recommendations:** RSA recommends that KRS establish goals and strategies to ensure that the agency actively consults with the SRC and the Client Assistance Program on the development and amendment of agency policies related to the delivery of VR services.

**Fiscal Recommendations:**
RSA recommends that, with the exception of expenditures falling under the innovation and expansion authority of the VR Program, KRS should take steps to limit use of income received through the VR program to support the VR program. This policy should remain in effect as long as KRS cannot serve all eligible individuals applying for VR services.

**Issues for Further Review:**

**VR and SE Programs**
1. KRS staffing patterns and effects on agency performance and compliance with federal regulations
2. Review of 75-day waiting period for the provision of purchased services
3. Appointments to the SRC

**Fiscal**
1. Cost Allocation/Indirect Costs
2. System of Contract Administration
3. Budgetary/Expenditure Control
4. Budget Development and Administration

---

<table>
<thead>
<tr>
<th>Program: IL</th>
<th>Strategies</th>
<th>Technical Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>9. OCSS and KRS will collaborate to ensure that the oversight of state and federal funds made available to the centers for independent living in Kansas is carried out in an effective and efficient manner.</td>
<td>1. OCSS and KRS will come to a mutual understanding of their monitoring responsibilities and determine their capacity to meet these needs; 2. OCSS and KRS will identify any gaps in these needs; and 3. OCSS and KRS will identify possible funding or other resources to meet these needs.</td>
<td>1. Providing technical assistance regarding the roles of each in the monitoring of different types of funds; 2. Providing monitoring protocols and, as is the standard practice, results of on-site reviews of CILs; and 3. Providing technical assistance on an as-needed basis.</td>
</tr>
<tr>
<td>10. OCSS and KRS will work to establish an administrative structure under which KRS is the DSU and duties related to administration of the IL program are assigned to each</td>
<td>1. SRS, KRS, OCSS and SILCK will reach agreement on the manner in which the administrative duties related to the state IL program are assigned; and</td>
<td>1. Provide ongoing technical assistance regarding the federal statutory and regulatory requirements pertinent to this issue; and 2. Provide technical assistance</td>
</tr>
</tbody>
</table>
agency, as appropriate, in an effective and efficient manner.

2. The parties will complete the appropriate legal document to establish these responsibilities.

assistance regarding the appropriate terms of the new agreement including, but not limited to, the exchange of experiences from other states which have addressed similar challenges.

11. KRS, OCSS and the SILCK will work to create a collaborative process by which Title VII, Part B dollars can be allocated for advocacy or other purposes.

1. The parties will achieve a mutual understanding of the responsibilities of IL partners as it relates to administration of Part B funds;
2. The parties will develop a process for identification of areas where Part B dollars should be spent to address SPIL goals; and
3. The parties will identify a process for the administration of these funds that meets regulatory requirements, while maximizing the use of consumer input.

**IL Recommendations**
RSA recommends that KRS and the SILC establish a goal and strategies to address the following IL issue.

<table>
<thead>
<tr>
<th>Program: OIB</th>
<th>Goal</th>
<th>Strategies</th>
<th>Technical Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>16. KRS will increase the capacity of the OIB program to serve greater numbers of individuals.</td>
<td>KRS will work in partnership with SILCK, consumers, stakeholder organizations and advocates to conduct a comprehensive strategic planning process of the program and to identify opportunities to strengthen service delivery.</td>
<td>RSA will share knowledge of best practices related to OIB service delivery and will be available to provide technical assistance related to OIB regulations and requirements.</td>
<td></td>
</tr>
</tbody>
</table>
Please take a moment to participate in a survey about RSA's performance on the FY 2007 monitoring of Vocational Rehabilitation agencies.