

**FISCAL YEAR 2008  
MONITORING REPORT ON THE  
VOCATIONAL REHABILITATION AND  
INDEPENDENT LIVING PROGRAMS  
IN THE STATE OF  
LOUISIANA**



**U.S. DEPARTMENT OF EDUCATION  
OFFICE OF SPECIAL EDUCATION AND  
REHABILITATIVE SERVICES  
REHABILITATION SERVICES ADMINISTRATION**

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## EXECUTIVE SUMMARY

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The Rehabilitation Services Administration (RSA) reviewed the performance of the following programs authorized by the *Rehabilitation Act of 1973*, as amended (the Act) in the state of Louisiana (LA):

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

In LA, LRS is responsible for the four programs.

RSA's review began in the fall of 2007 and ended in the summer of 2008. During this time, RSA's LA 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, State Rehabilitation Council (SRC) members, Statewide Independent Living Council (SILC) members, service providers, and stakeholders to share information, and areas for improvement;
- provided technical assistance (TA) during the review process;
- recommended that LRS undertake specific actions to improve its performance; and
- in collaboration with LRS, identified TA that would be helpful to improve its performance.

RSA identified the following strengths and challenges of the VR, SE, IL, and OIB programs.

### **Strengths:**

- LRS has collaborative relationships with the SRC, the Client Assistance Program, the SILC, and IL service providers.
- LRS has a specialized and integrated quality assurance (QA) program.

- LRS has well developed rehabilitation technology (RT) services system.
- LA allocates additional funds to supplement IL Part B funds.
- LRS has increased awareness of the service needs of the OIB population from the involvement of the OIB staff in the state's IL Collaborative (ILC).

**Challenges:**

- decreasing the high cost of successful and unsuccessful outcomes;
- increasing the rehabilitation rate for transition-age youths;
- addressing the need for extended SE services;
- reaching IL consumers in rural areas of the state; and
- increasing statewide awareness of the OIB program.

## INTRODUCTION

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Section 107 of the Act requires the commissioner of the 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 State Plan supplement for SE under Title VI Part B of the Act and programs offered under Title VII of the Act are substantially complying 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 IL outcomes;
- recommends the state agency undertake specific actions to improve its performance; and
- provides TA 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 of the Act:

- the VR program, established under Title I;
- the SE 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.

### LA Administration of the VR, SE, IL, and OIB Programs

In LA, LRS is the designated state unit (DSU) responsible for the four programs that were reviewed. The designated state agency (DSA) is the Department of Social Services (DSS). LRS maintains a state administrative office in Baton Rouge and provides services to individuals at eight regional offices and seven satellite offices throughout the state. In addition, LRS provides vocational evaluation and job readiness training at four other facilities.

## **Appreciation**

RSA wishes to express appreciation to the representatives of the DSS and LRS, the SRC, the SILC, the Client Assistance Program, and the stakeholders who assisted the RSA monitoring team in the review of LRS.

## CHAPTER 1: RSA'S REVIEW PROCESS

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### Data Used During the Review

RSA's review of LRS began in the fall of 2007, and ended in the summer of 2008. 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 were available from the FY 2006 and FY 2007 collections. As a result, this report cites data from FY 2006 and FY 2007.

### Review Process Activities

During the review process, the RSA LA 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, SRC members, SILC members, service providers, and stakeholders to share information, and identify compliance findings, and areas for improvement;
- provided TA during the review process;
- recommended that LRS undertake specific actions to improve its performance; and
- in collaboration with LRS, identified TA that would be helpful to improve its performance or correct compliance findings.

### RSA's LA State Team Review Participants

Members of RSA's LA state team included representatives from each of RSA's State Monitoring and Program Improvement's five functional units. The RSA LA state team was led by RSA's state liaison to LA, Terrence Martin (VR Unit) and the following RSA LA team members: Sue Rankin-White (TA Unit); Elizabeth Akinola (IL Unit); Jean Yan (Data Collection and Analysis Unit); Craig McManus (VR Unit); and Christyne Cavataio (VR Unit).

### Information Gathering

During FY 2008, RSA began its review of LRS by analyzing information including, but not limited to, RSA's various data collections, VR and IL State Plans, and the SRC's annual report. After completing its internal review, the RSA team conducted the following information gathering activities with LRS and stakeholders in order to gain a greater understanding of LRS' strengths and challenges:

- teleconferences with LRS management, the SRC and stakeholders beginning in December 2007;
- teleconferences with LRS IL program staff, SILC members and administrative staff, OIB staff, and other agency stakeholders; and
- an on-site monitoring visit from June 2 through June 6, 2008, including meetings with LRS management and staff, the Client Assistance Program, service providers, members of the SILC and the SRC, and representatives of the state education agency.

## CHAPTER 2: LRS VR AND SE PROGRAMS

### Agency Information and Performance

In FY 2007, LRS served 12,263 individuals and closed 4,030 individuals after receiving services. Of these, 2,375 individuals were successfully rehabilitated and 1,655 individuals were closed unsuccessfully. Of those who were successfully rehabilitated, 83 achieved a SE outcome. Over the past five years, LRS' number and percent of employment outcomes has increased, and the number of applicants and individuals served has decreased.

Table 2.1 provides fiscal and program data for FY 2003 through FY 2007. The data provide an overview of the VR program's costs, outcomes and efficiency. The table identifies the amount of funds used by the agency, the number of individuals who applied, and the number who received services. It also provides information about the quality of the agency's employment outcomes, including outcomes for transition-age youths.

**Table 2.1**  
**Program Highlight for LRS Program for FY 2003 through 2007**

Data Elements	2003	2004	2005	2006	2007
Total funds expended on VR and SE	\$52,386,753	\$56,931,403	\$57,212,297	\$55,502,685	\$61,872,452
Individuals whose cases were closed with employment outcomes	1,925	1,735	1,704	1,582	2,375
Individuals whose cases were closed without employment outcomes	1,647	1,542	1,851	1,611	1,655
Total number of individuals whose cases were closed after receiving services	3,572	3,277	3,555	3,193	4,030
Employment rate	53.89%	52.94%	47.93%	49.55%	58.93%
Individuals whose cases were closed with supported employment outcomes	150	161	110	25	83
New applicants per million state population	1,780.89	1,730.97	1,596.24	1,569.00	2,569.70
Average cost per employment outcome	\$9,751.94	\$10,256.31	\$9,986.08	\$9,940.73	\$8,035.10
Average cost per unsuccessful employment outcome	\$5,225.54	\$5,153.90	\$4,329.32	\$4,155.74	\$3,897.55
Average hourly earnings for competitive employment outcomes	\$10.80	\$10.92	\$10.86	\$11.55	\$13.36
Average state hourly earnings	\$14.79	\$15.10	\$15.83	\$17.34	\$18.16
Percent average hourly earnings for competitive employment outcomes to state average hourly earnings	73.02%	72.32%	68.60%	66.61%	73.57%
Average hours worked per week for competitive employment outcomes	36.47	36.34	35.95	36.80	36.47
Percent of transition-age youths served to total served	31.44%	27.80%	25.20%	24.59%	21.46%
Employment rate for transition-age youths served	53.61%	50.05%	43.42%	42.68%	44.05%
Average time between application and closure (in months) for individuals with competitive employment outcomes	44.0	43.5	42.8	40.8	31.1

## **VR and SE Service Delivery**

LRS maintains eight regional offices and seven satellite offices throughout the state. In addition, LRS provides vocational evaluation and job readiness training at four other facilities. LRS VR counselors are responsible for job placement and in some cases are by rehabilitation employment development specialists (REDS). LRS' staff of vocational evaluators provide comprehensive evaluation services. In LA, there are 53 community rehabilitation programs (CRPs) providing SE services including job development, placement and extended follow along.

## **Personnel**

As of June 2008, LRS had 125 VR counselors, 22 vocational evaluators, 9 REDS, and 66 paraprofessionals. In addition to these 222 positions, LRS has approximately 142 other positions that include management, supervisors, support staff, and other program specific positions.

## **Data Management**

The present case management system has been in place since May 25, 2005. The system has the capacity to provide all the elements for the RSA reports, links costs of services and service providers for each customer, and provides counselors and managers case status. To ensure the accuracy of data, LRS established a mechanism that allows individuals at different levels (i.e., counselor, supervisor, and director) to verify and correct the errors when notified by the data-editing program. An outstanding feature of the LRS data management system is that it can track costs such as assessments, placement, higher education training, and SE cases. LRS provides training to counselors and supervisors in the use of the management information system (MIS) on a bi-annual or as needed basis.

## **Quality Assurance**

LRS has staff dedicated exclusively to conducting QA activities. These activities include service record reviews and evaluation studies requested by LRS management. Service record reviews are conducted annually on all caseloads using a 30-page compliance based review instrument. Five service records are selected from each caseload, including records of individuals that are open as well as those that have been closed as successful or unsuccessful. Results of the service record reviews are used to identify training needs and the effectiveness of policy implementation. Results of the service record reviews are provided to management, and to supervisors and staff for corrective action. Systemic and individual issues are identified through LRS' QA activities.

## **Planning**

LRS management conducts planning in collaboration with the SRC. LRS management also participates in the DSS strategic planning process.

## **VR and SE Programs TA Provided to LRS During the Review Process**

RSA provided the following VR and SE program TA to LRS during the review process regarding:

- training in the use of the RSA management information system (MIS);
- guidance on classification of pilot projects for transition-age youths, Bridging the Gap and Pathways to Success, under the innovation and expansion (I&E) provisions;
- information on the Ticket to Work regulations promulgated in July 2008;
- recommendations to improve the design of the MIS on data accuracy;
- guidance on the case management of SE cases; and
- resources for QA processes.

## **Observations of LRS and Its Stakeholders about the Performance of the VR and SE Programs**

RSA solicited input from LRS and a wide range of its stakeholders about the performance of the VR and SE programs. The LRS and its stakeholders shared the following observations:

- positive collaborative relationship among LRS, the SRC and the SILC;
- concerns about LA's economic status and implications for the VR program;
- concerns regarding the low rehabilitation rate for transition-age youths; and
- the high costs of unsuccessful closures.

RSA discussed the observations of stakeholders with LRS and addressed as many of them as possible in the review process either directly or by consolidating them into a broader issue area.

## **VR and SE Performance Observations and RSA Recommendations**

RSA identified the following performance observations and made recommendations to LRS about those observations. LRS responded to each of the recommendations and in those instances when RSA and LRS agreed upon a recommendation, RSA and LRS identified the TA that RSA would provide to LRS to successfully implement the recommendation.

## 1. Strategic Planning and Communication

**Observations:** LRS has experienced a significant change in leadership with a new director and assistant director, as well as a new management team. The leadership team is in position to provide new direction for an agency that has experienced significant demographic and service delivery changes as a result of Hurricane Katrina. Subsequent economic effects of Katrina also present fiscal challenges to the agency. Strategic planning and development of a new vision for the agency will be critical factors in the agency's performance.

- The LRS director assumed the duties of the position in December 2007. In addition, the assistant director was appointed in March 2008. The management team is experienced in the VR program. Almost all the management staff are now serving in new roles at the executive management level.
- The director and management team have not yet had the opportunity to engage in a formal strategic planning process. Initial discussions within the team and with field staff have begun the process of articulating critical themes such as accomplishing more with less, and defining challenges as opportunities.
- The reappointment of the Secretary of DSS, the DSA, provides continuity as the new director and the management team develops and implements a strategic plan.
- Field staff expressed interest in participating in the process of formulating the agency vision.

### Recommendations:

- 1.1 Engage in formal strategic planning to guide the agency through this critical period.
- 1.2 Develop a plan to formally define and operationalize the new agency vision.
- 1.3 Work closely with the SRC, the SILC and the LRS field staff in the strategic planning process, and in defining and operationalizing the agency vision.
- 1.4 Develop a marketing and information plan that is consistent with the agency's strategic planning goals and objectives, and not based solely on marketing opportunity.

**Agency Response:** LRS agreed with the recommendations and provided the responses below.

- 1.1 LRS is currently engaged in a strategic planning process.
- 1.2 LRS will develop a plan to operationalize the agency's vision.
- 1.3 LRS will continue to work closely with the SRC, the SILC and LRS field staff in the strategic planning process, and in defining and operationalizing the agency vision.

1.4 LRS is currently in the process of developing a communication/marketing plan and will ensure that it is commensurate with the strategic planning goals and objectives.

**TA:** LRS requests TA on developing the strategic plan and defining and operationalizing the agency's vision.

## 2. Supported Employment

**Observations:** LRS purchases assessment, job placement, and support services from approximately 53 CRPs and private entities in LA. Limited funding for extended services results in insufficient supports for individuals to maintain employment. LRS' tracking and case management of SE services has inaccurate and reduces the validity of SE data, and the agency's capability to effectively manage SE services.

- In FY 2007 LRS reported 83 successful SE outcomes, a decrease from the 110 reported in FY 2005.
- VR counselors indicated that CRPs in some regions do not provide extended services to those individuals in SE at the time of LRS closure. Therefore, at the point of transition to extended services, individuals do not receive the supports necessary to maintain employment, resulting in loss of employment and return to LRS for additional services that can include a second (repeat) placement.
- VR counselors and CRP staff indicated that prior to accepting a SE referral, CRPs are no longer required to submit documentation confirming that they will provide extended services at the time of LRS closure.
- An individual must pass through each of six milestones (job development/placement services, one-month, two-month and three-month job retention services, job stabilization/transition to extended follow-along, and successful closure) for consideration as a successful SE closure. CRPs are compensated at each milestone with a total payment value of \$6,188. Prior to implementing the milestone system, LRS used an hourly reimbursement method. This change has been met with mixed reactions from VR counselors and CRPs. For the most part, VR counselors view the change as favorable in resolving issues related to vendor billing abuses. CRPs indicated that the switch does not adequately compensate them for their time and efforts in the job placement process.
- When a VR participant does not maintain employment and proceed through all six milestones, this is considered a second placement. The issue then becomes at which milestone level the placement activities will resume for purposes of CRP reimbursement. VR counselors maintain that the process should resume at the level prior to closure, while CRPs maintain their compensation should resume at an earlier milestone, or at the beginning, due to the scope and extent of work involved in achieving the second placement. VR counselors indicated that their capacity to negotiate the milestone level varies across different geographic regions.

- The policy for milestone 5 (transition to extended follow along) indicates that the SE3 form should include: “That effective on and off site job supports and/or consultation to assist the consumer in adjusting to the demands of the integrated work environment were provided, and now only minimal support is necessary for the consumer to maintain employment.” The form does not identify the individual’s approval for extended services or an eligible funding source to provide the support. LRS field staff view this change to the form as problematic in ensuring that individuals receiving SE services will receive the necessary long-term supports to maintain employment. VR counselors indicated that the deficiency of extended services contributes significantly to individuals’ inability to maintain employment, and subsequently returning to LRS for additional job placement and SE services.
- VR counselors and CRPs indicated concern about the relationship between repeat SE placements and the milestone payment system.
- VR counselors indicated there is a lack of communication, or in some instances a lack of accurate information, provided by CRPs to LRS regarding critical information related to an individual’s status, including whether or not an individual remains employed throughout the milestones. Counselors reported instances of CRPs providing inaccurate reports of on-the-job visits when the individuals were not present.
- The state office management team and the LRS State Plan describe the SE Continuous Improvement Project (SECIP) as an initiative designed to implement best practices that will improve the quality of services and outcomes achieved by LRS SE providers. LRS initiated this project in July 2006, as a three-year contract with LA State University Health Science Center. The scope of the project focuses on three core areas: 1) access to employment services for those individuals with significant support needs; 2) development of successful employment placements and improved rates of successful closure; and 3) enhanced supported employee satisfaction in services and employment options. The project had continuous improvement plans in effect with 43 service providers. Discussions with field staff in different regions revealed inconsistency in their level of knowledge and awareness of information related to this project, as well as its impact upon improving SE services.

**Recommendations:**

2.1 Develop goals and strategies to ensure that extended supports are in place at time of closure that are sufficient to maintain the employment outcome. LRS should consider:

- developing and implementing procedures to ensure that individuals have been approved for extended services prior to a CRP accepting the individual for SE job placement;
- revising the SE milestone outcome payment system to include a minimum number of hours required at critical milestones to ensure individuals are receiving the level of support necessary to maintain employment; and

- implementing additional checks and balances to improve contact between CRPs and VR counselors and conduct staffings at critical milestones with the CRP, VR counselor and the individual.
- 2.2 Examine the need for extended SE services throughout the state, determine what level of extended services are being provided by individual CRPs, identify which funding sources each CRP is approved to receive, and develop resources as needed to meet the extended services needs of LRS consumers.
- 2.3 Develop and implement policies and procedures regarding the negotiation of resuming SE placement activities with CRPs after an unsuccessful placement effort, indicating the required approval at the regional level and follow up with statewide training to promote consistent policy implementation across the state and to inform CRPs of the process.
- 2.4 Develop and implement methods of providing information to the field staff on the results of the SECIP, and solicit input from field staff regarding project activities in each region. Conduct an extensive assessment of the project's affect on the improvement of SE services to determine the project's direction during year three of the contract.

**Agency Response:**

- 2.1 LRS currently has procedures that clearly outline the requirements to ensure that extended supports are in place inclusive of "quality indicators" that provide for checks and balances. However, it appears additional measures need to be implemented to ensure that these procedures are followed by agency staff. Additional efforts will be planned to develop and conduct statewide training on SE services to ensure that counselors, supervisors, and managers understand their responsibilities relative to the SE process.

Implementation of the milestone payment system was a result of extensive research and input from stakeholders, counselors, consumers, and CRPs. The milestone outcome payment system is an outcome-based payment system that allows for greater flexibility by CRPs by freeing them from hourly billing constraints and creating financial incentives by encouraging the use of natural supports. Milestone payments represent an average cost. In the employment process, little time or effort will be required for some individuals while others will require a great deal of time or effort to obtain and maintain employment. LRS will continue to operate under this system.

- 2.2 LRS currently requires SE providers to identify extended support services in order to provide the SE service. In addition, the SECIP project is evaluating the provision and availability of extended support services by LRS vendors.
- 2.3 LRS has a standard process in place to address this issue that assures uniformity statewide. This process does not involve a negotiation component. However, additional training will be provided statewide to clarify these procedures.

2.4 LRS currently affords and encourages each region the option to participate in development of the continuous improvement plans for each provider. Upon completion of the project's third year, information will be provided to field staff regarding the findings of the project.

**TA:** LRS does not request TA.

### 3. Transition-Age Youths

**Observations:** The number of transition-age youths being served, as well as attaining successful employment outcomes has decreased over the last five years. LRS has initiated projects to reverse these trends. However, some of the strategies are only in effect in certain regions of LA. The transition program coordinator is not a member of the executive management team. Services, costs and outcomes are not tracked at the state office level. Employment outcomes for transition-age youths are affected by the present financial needs test policy. QA activities have not been initiated to evaluate and inform transition service delivery.

- LRS transition data show that the employment outcomes for its transition population decreased from 602 in FY 2003 to 381 in FY 2007, resulting in a decrease in the employment rate of 53.61 percent down to 44 percent over this period.
- The percent of transition-age youths served by LRS decreased from 32.46 in FY 2002 to 21.52 percent in FY 2007.
- The high school drop out rate in LA is high. As reported by the National Center for Educational Statistics, in school year 2003-2004, "the event dropout rates for public high school students in the reporting states ranged from a low of 1.8 percent in Connecticut and New Jersey to a high of 7.9 percent in Louisiana" (U.S. Department of Education, Institute of Education Sciences, NCES 2007-026, May 2007, p.2). "The event dropout rate provides a measure of the percentage of high school students who drop out of high school over the course of a given school year" (p.1). During on-site discussions it was noted, anecdotally, that a number of students that reach the age of 16 while still in middle school, drop out before they are ever exposed to the VR program.
- LRS has a designated transition program coordinator at the state office level, responsible for coordinating transition services at the state level, including such activities as planning and implementing training activities for VR transition counselors and representing LRS on the statewide transition council. The coordinator does not serve on LRS executive management team. The transition program coordinator indicated that she tracks data on the number of eligibility determinations and the number of individualized plans for employment (IPE), but not on outcomes, types of services, or services costs. She indicated that the state office has the capability to provide specific transition data upon request.
- The transition program coordinator indicated that she is not familiar with the state education agreement (SEA), including the currency of the agreement.

- Approximately two years ago, LRS, in collaboration with representatives of the state Department of Education, established regional core teams comprised of representatives of the key entities associated with transition-age youths. The regional configuration coincides with that of the LA Department of Education and differs from LRS. The teams meet quarterly to share resources, track transition data, and enhance communication between the participating entities. Some teams will have an opportunity to share practices at the September statewide transition summit.
- LRS operates pilot transition programs in a limited number of schools in Thibodaux and Lafayette, Bridging the Gap and Pathways to Success. These projects were initiated by VR field staff in these local areas and operate as a fee-for-service with CRPs, Options for Independence and Goodwill Industries that provide instructors in the schools who provide intensive job readiness training to transition-age youths not earning a regular diploma. As of FY 2008, Bridging the Gap completed one year of operation and Pathways to Success completed four months. Therefore, it is too early to determine the overall impact of the projects. Discussions with staff indicate that LRS did not classify the projects under the I&E authority due to complications with the state contracting process. The services are not available to all students in all parishes and there is no plan to replicate the pilots on a statewide basis.
- Discussions with LRS transition counselors indicate that the current financial needs test excludes transition-age youths whose family income exceeds the basic living requirement (BLR). Some students may choose not to participate in the VR program due to the high financial contribution.
- LRS has not conducted any specific QA activities related to the transition program, such as reviewing service records of individuals exiting the VR program without an employment outcome, to determine the scope and nature of these outcomes and make changes to improve successful outcomes.

**Recommendations:**

3.1 Develop goals and strategies to increase the number of successful employment outcomes for transition-age youths, including strategies to improved coordination at the state office level by having the state transition program coordinator:

- be included as a member of the state office executive management team for purposes of planning and coordination;
- track additional transition data, including, but not limited to, data on outcomes, types of services, and service costs to analyze trends for the transition population in the state;
- review the current SEA agreement (including participation in the review by the transition program coordinator) to determine if it should be updated and revised, and if so, take the necessary steps with the state education agency to update it;

- collect and compile resources and promising practices from each of the core teams and disseminate to all core teams; and
  - collect and analyze data on the outcomes of the transition pilots to determine the efficacy of statewide implementation and develop an implementation plan.
- 3.2 Reclassify the transition pilot projects under the I&E authority, or submit a waiver of statewideness, in light of the fact the projects are not statewide in scope.
- 3.3 Increase the number and quality of employment outcomes for transition-age youths. LRS should (1) revise its current financial needs test to provide a sliding schedule; (2) consider removing tuition from the services that are subject to financial needs.
- 3.4 Conduct QA activities related to the transition program in order to determine factors that may be contributing to unsuccessful outcomes and make improvements.

**Agency Response:**

- 3.1 LRS will expand the data information collected on transition-age youths in order to provide more effective and efficient services for this population. LRS will review and update the SEA agreement as applicable and implement promising practices identified statewide.
- 3.2 LRS has revised its State Plan to classify the pilot projects under the I & E authority.
- 3.3 LRS remains committed to researching and implementing ways to increase employment outcomes for transition-age youths. However, due to fiscal constraints and the reduction in the state fiscal 2009 budget, the steps indicated above cannot be implemented at this time, but will be considered in the future as feasible.
- 3.4 LRS concurs and will research as appropriate.

**TA:** LRS does not request TA.

**4. Rehabilitation Technology**

**Observations:** LRS spent approximately 19 percent of its FY 2007 total expenditures on RT. LRS has a contract in place that provides quality rehabilitation engineering services. LRS field staff are not sufficiently trained to ensure that contractors complete work according to specification. Field staff expressed a need to increase their knowledge of RT.

- Counselors noted the provision of RT contributes to the high cost of services.
- In FY 2006, LRS spent \$9,940 per successful outcome, which was approximately twice the national average of \$5,203 for combined agencies. LRS spent \$4,155 per unsuccessful outcome compared with the national combined average of \$3,039.

- In FY 2007, LA expenditures for RT reported in RSA-911, for all individuals served, totaled \$11,835,116<sup>1</sup> or 19 percent of the agency's total expenditure. The average expenditure for RT for combined agencies in FY 2006 was \$1,724,900, or three percent of total expenditures.
- LRS does not subject RT services to economic needs testing.
- Rehabilitation engineers from LA Tech's Biomedical Engineering Program are utilized as an agency vendor (via a multi-year contract) to develop specific project specifications and recommendations for RT throughout the state, including architectural modifications.
- VR counselors indicated that in some regions they are responsible for ensuring that a contractor's work meets the specifications, while in other regions the rehabilitation engineer attends inspections with the counselors and supervisors.
- Counselors who conduct the follow-up indicated that they may not have the requisite skills and experience to ensure that the contractor adheres to the rehabilitation engineer's specifications regarding architectural modifications.
- Field staff indicated a need for more training in RT.

**Recommendations:**

- 4.1 Define the role of the rehabilitation engineer in the contract to include follow-up inspection as part of the services provided to LRS.
- 4.2 Develop and provide statewide training on RT to increase the VR counselors' awareness of available technologies and promote consistent implementation of the agency's policies, procedures and guidelines.

**Agency Response:**

- 4.1 LRS agrees that follow-up inspections are a vital part of service delivery and will explore alternatives to assure uniformity and inclusive of greater utilization of the rehabilitation engineers, as applicable.
- 4.2 LRS currently provides statewide training opportunities through the Program Coordinator for Assistive Technology in the state office, as well as various service providers, and offers staff the opportunity to request and attend assistive technology training offered around the state. The Program Coordinator for Assistive Technology will expand statewide training to enhance and increase counselor awareness of available technologies, and promote consistent implementation of the agency's policies, procedures and guidelines.

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<sup>1</sup> This number includes approximately \$2,500,000 in expenditures for hearing aids that should be classified as diagnosis and treatment.

**TA:** LRS does not request TA.

## **5. Individuals' Participation in the Cost of Services**

**Observations:** As indicated above, LRS has a high cost per successful and unsuccessful outcome, and a high cost item, RT, is not subject to financial needs testing. The present financial needs test policy establishes individuals' participation in the cost of services.

- LRS considers financial need for the purpose of determining the extent of participation in the costs of VR services in accordance with the regulatory provisions described at 34 CFR 361.54(b).
- LRS does not apply financial needs analysis for RT. LRS has a high cost of services per successful and unsuccessful outcomes. In FY 2007, LRS spent \$11,835,116 (see footnote 1) on RT services for 1,425 closed individuals.
- In December 2007, LRS placed hearing aids under the financial needs test. In FY 2007, LRS spent \$5,235,205 for hearing aids for 1,780<sup>2</sup> individuals (LRS Data).
- LRS determines financial need for certain services based on the individual's disability related expenses, available assets, and the BLR. The BLR dollar amounts have been in place since 2002. The schedule is provided on page 5 of Chapter 7 of the LRS Policy Manual. The BLR threshold begins at \$21,475 for a single person household, \$29,025 for two persons, \$36,575 for three persons, \$44,125 for four persons, and \$51,675 for five persons.
- Individuals who fall below the schedule amount threshold are not required to contribute to the costs of the VR services that are subject to the financial needs test. Individuals determined to have financial resources and assets exceeding the schedule amount threshold are expected to pay the complete cost for services that are subject to the financial needs test.

### **Recommendations:**

5.1 Apply financial needs test to RT services.

5.2 Revise the current determination evaluation criteria to provide a sliding scale for individual contribution to the cost of services subject to financial needs testing. Such a scale should be designed to provide for percentage contribution toward the cost of services subject to financial needs testing.

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<sup>2</sup> This number includes individuals closed and still in service.

**Agency Response:**

5.1 As a part of LRS' fiscal planning process for FY 2009, consideration will be given to placing RT services on a financial needs test. This decision will also be based on the state FY 2009 budget reduction and the impact this may have on individuals.

5.2 State FY 2009 budget reduction will prohibit the implementation of the sliding fee scale at this time. LRS will continue to consider the implementation of a sliding fee scale at such time that the budget will allow.

**TA:** LRS does not request TA.

**6. Order of Selection (OOS)**

**Observations:** LRS has had an OOS in place since March 20, 1988. Since FY 2006, all categories have been open. Present economic and fiscal situation may necessitate closing categories.

- LRS has established an order of selection under the regulatory provisions described in 34 CFR 361.36(a). The order of selection is based on the three criteria described in 34 CFR 361.5(b)(31) and includes five categories: Selection Group I, most significantly disabled, severe limitations in four or more functional capacity areas; Selection Group II, most significantly disabled, severe limitations in three functional capacity areas; Selection Group III, significantly disabled, severe limitations in two functional capacity areas; Selection Group IV, significantly disabled, severe limitations in one functional capacity area; and Selection Group V, not significantly disabled.
- LRS has eight functional capacities. The capacity of motor skills as defined in LRS Chapter 4 of the Technical Assistance and Guidance Manual, Part 406.1, appears to be a duplication of the capacities mobility, self care or work tolerance.
- Since January 2006, LRS has been serving all categories.
- Proposed state appropriations and other fiscal issues in all likelihood will necessitate closing categories three, four and five.
- LRS has a limited system for analyzing and managing order of selection.

**Recommendations:**

6.1 Develop short-term and long-term plans for the management of OOS.

6.2 Develop measurement tools and key indicators to provide analysis sufficient for the effective management of order of selection and fiscal planning.

6.3 Examine the eight functional capacities and eliminate motor skills as a discrete capacity.

6.4 Examine the five categories and reduce the number of categories to facilitate management of the order of selection.

**Agency Response:**

6.1 and 6.2 The agency concurs and is requesting TA from RSA.

6.3 LRS will review its functional capacity areas and consider revisions as recommended.

6.4 LRS is reviewing the OOS categories as it relates to other VR programs across the country and any potential fiscal impacts to determine if any revisions will be implemented.

**TA:** LRS requests TA with implementation of the order of selection, and determination of short and long-term goals and measures.

## **7. Job Placement Specialists and Job Readiness Training**

**Observations:** LRS has established the position of REDS to assist counselors in achieving employment outcomes. LRS also provides job readiness training through its vocational evaluation component called rehabilitation employment assessment program (REAP). There are factors that hinder the effective utilization of these two resources.

- LRS achieved 2,375 successful employment outcomes in FY 2007, and a rehabilitation rate of 58.9 percent. This is an increase from FY 2006 when LRS had 1,582 successful employment outcomes, and a rehabilitation rate of 49.5 percent.
- LRS VR counselors are responsible for job placement, and have access to a REDS for assistance with individuals that require extensive job placement services. There is a REDS position in each of the agencies eight regions, and a vacant REDS' position in Lafayette.
- REDS have limited access to the MIS case management system. This results in the REDS spending excess time acquiring extended access to case profiles and limited access to critical information that would assist in job placement activities.
- REDS provide extensive job readiness training to individuals. This includes training on job search techniques, resume writing, application completion, and interviewing. REDS also provide information on resources available in the community and on the web to assist individuals seeking employment.
- LRS counselors have access to the REAP staff to provide similar resource through the job readiness training service. Counselors indicated that there is a gap in the provision of job readiness training.

- Discussions with REDS indicated that they are continuing to develop their own brochures and conduct marketing activities, and that they have had minimal contact with the public information director. It is unclear how the public information director determines marketing activities at the regional level. Despite access to state office issued brochures, REDS may not have input into the design and information that the brochures contain.

**Recommendations:**

7.1 Develop goals and strategies to maximize the use of these resources in providing services toward the achievement of successful employment outcomes. LRS should:

- evaluate the job readiness training provided by the REDS and by REAP staff to assess the effective use of agency resources; and
- ensure that quality job readiness training is available for all individuals.

7.2 Fill the vacant REDS position in the Lafayette region.

7.3 Provide REDS with access to the MIS to ensure that they have information about the individuals they are working with in the placement process, and to enable them to support the counselor.

7.4 Include the REDS and other field staff in marketing at the regional level, and in the process of identifying and developing agency public information materials.

**Agency Response:**

7.1 LRS is currently engaged in evaluating the job readiness component provided by the REAPs to assess effectiveness.

7.2 LRS' state FY 2009 budget required a cut of 14 of the agency's existing positions. The vacant REDS position will not be filled.

7.3 LRS currently has a process in place that allows the REDS to request access to cases they are working on.

7.4 LRS' Public Information Director is a new position that has been in place for approximately six months. One of the goals assigned to this position is to conduct a communications audit that will focus on activities, printed materials, and other applicable areas that will result in a consistent, professional and branded look for LRS. The REDS, senior level management, regional managers and key personnel in the state office will play a vital role in the development of this initiative, which is currently being addressed.

**TA:** LRS does not request TA.

## 8. Quality Assurance

**Observations:** LRS has a QA function for case management in place that works closely with the management and the training functions of the agency. The QA function enables the agency to conduct ad hoc inquiries to assist LRS management in policy development. Some critical agency products such as evaluation reports are not subject to QA processes.

- LRS has an internal QA process that primarily focuses on case management. There is a close and immediate relationship to the training program, as well as the capacity to respond with quick remediation on performance issues.
- The system has the capacity to identify systemic issues, as well as issues related to policy.
- The program is able to conduct ad hoc inquiries and analyses for the organization related to specific issues.
- Formal QA processes exists for other functions in the organization, although they are not the duty of the QA staff. Evaluation reports are not subject to the QA process.

### Recommendations:

8.1 Direct QA to conduct a study of cases closed as unsuccessful to identify case practices and factors that may be contributing to such closures for all cases, as well as for the population of transition-age youths.

8.2 Develop formal measurement and QA processes to ensure the quality of the reports provided by vocational evaluators.

### Agency Response:

8.1 LRS concurs to conduct a study as identified above that will include QA staff as applicable.

8.2 LRS is currently engaged in identifying measures to ensure the quality of the reports provided by LRS vocational evaluators in addition to identifying best practices to be utilized by the evaluators.

**TA:** LRS does not request TA.

## 9. Case Management System

**Observations:** The MIS has the capacity to provide all the elements required by the RSA reports, and links costs of services and their providers for each individual participant. However, there are system constraints that affect data entry and data integrity for SE services. In addition, staff with visual impairments has limited access to the system due to accessibility issues.

- The MIS has the function to provide SE information at IPE and at closure. However, it restricts access only to cases that indicate SE status in an IPE. As a result, if SE status is not indicated in the IPE, the system will block access to SE information on the closure page. In addition, the system's design of the closure page does not clearly require verification of the employment status for a SE successful outcome at closure, resulting in inconsistent use of verifying SE status at time of closure.
- Since the MIS is also supporting another program within DSS, it does not restrict the minimum age of participants entering either program. As a result, age at VR program entry cannot be verified.
- Counselors and managers have access to the MIS in the office and can check the case status of a participant and a counselor's case management progress in real time. Counselors expressed interest in having local access to The MIS when in the field.
- Employees with visual impairments have limited access to the MIS due to compatibility issues with Job Access for Windows and Speech (JAWS).

**Recommendations:**

- 9.1 Revise the page in the system containing the SE information at closure and allow access to all cases in the system. Revise the design of the closure page to make it clearly noticeable. Require counselors to verify SE status at closure especially when the closure is a successful employment outcome. Train staff to ensure accurate case management and data collection for SE services.
- 9.2 Install a feature in the MIS that can verify the minimum age of individuals participating in the VR program.
- 9.3 Discuss local access to the system with staff and provide information on acquisition and implementation.
- 9.4 Resolve issues of the MIS and JAWS compatibility to ensure that the case management system is fully accessible.

**Agency Response:**

- 9.1 LRS has identified that staff are not checking off the box "participant requires on going support services" for SE cases at closure. This affects LRS' data collection. Therefore, staff will be trained to check this box for all SE cases at closure. The MIS is a product that the agency purchased. The MIS developers maintain this web-based case management system, and this limits the agency's ability to make changes to the system.
- 9.2 Currently LRS uses the RSA-911 process and RSA program to verify minimum age when completing the RSA-911 report and requests verification from field staff in regards to any anomalies identified. It is LRS' understanding that in future upgrades, the developers will be

designing the system to have the ability to enter case type information for various programs. At such time that this feature is available, and if funding permits, LRS will explore implementing that option to include the age verification component specific to the VR program.

9.3 LRS will research the feasibility of implementing this recommendation.

9.4 LRS will continue to share staff accessibility issues with MIS developers to make the system more compatible with JAWS users. LRS will also continue to contract with the developers to provide training to staff using JAWS to assure it works appropriately with the MIS. Recommendations were made to the developers, to assist them in making future versions of the MIS more JAWS friendly.

**TA:** LRS does not request TA.

## CHAPTER 3: FISCAL MANAGEMENT OF LRS' VR AND SE PROGRAMS

RSA reviewed LRS' fiscal management of the VR and SE programs. 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 the agency's cost and fiscal controls, internal processes for the expenditure of funds, use of appropriate accounting practices, and fiscal management systems.

### Fiscal Management

The data in the following table, based on data reported on the fiscal reports submitted by the state agency, address the overall fiscal performance of the agency. The data related to matching requirements are taken from the respective fiscal year's final or latest Financial Status Report (SF-269). The carryover data are taken from the unobligated balance of federal funds portion of the fourth quarter SF-269. The maintenance of effort (MOE) requirement data are taken from the final or latest SF-269 report of the fiscal year that is 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 3.1**  
**Fiscal Profile Data for LRS for FY 2003 through FY 2007**

LRS					
Fiscal Year	2003	2004	2005	2006	2007
Grant Amount	41,525,841	44,123,155	56,119,794	54,442,404	43,077,993
Required Match	11,238,887	11,941,845	15,188,712	14,734,729	11,658,974
Federal Expenditures	41,461,394	41,407,586	56,119,794	54,442,290	43,077,993
Actual Match	11,234,545	11,650,549	10,739,586	0*	11,987,506
Over (Under) Match	(4,342)	(291,296)	(4,449,126)	0	328,532
Carryover at 9/30 (year one)	13,631,282	17,752,299	26,378,724	26,930,367	17,234,325
Program Income	1,750,745	1,239,358	1,163,977	2,155,367	1,650,835
MOE	11,346,140	11,937,426	11,234,545	**0	10,739,586
Administrative Costs	5,711,381	6,202,482	9,088,633	5,402,612	7,235,689
Total Expenditures**	52,386,753	56,931,403	57,212,297	55,502,685	61,872,452
Percent Admin Costs to Total Expenditures	10.90%	10.89%	15.89%	9.73%	11.69%

\* As a result of hurricanes Katrina and Rita, FY 2006 match and MOE requirements were waived by RSA.

\*\*Includes SE Program Expenditures.

## Explanations Applicable to the Fiscal Profile Data 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 state VR program, other than for the construction of a facility related to a community rehabilitation program, is 21.3 percent, as established in the 1992 amendments to the Act. 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 (SSA) 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 agency carries over federal grant funds. Grantees may also transfer

program income received from the SSA 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.

### **MOE:**

The 1992 amendments revised the requirements in Section 111(a)(2)(B)(ii) of the Act with respect to MOE provisions. Effective federal FY 1993 and each federal fiscal year thereafter, the MOE 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 MOE 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).

### **Observations of LRS and Its Stakeholders about the Fiscal Management Performance of the VR and SE Programs**

RSA solicited input from LRS and a wide range of its stakeholders about the performance of the VR and SE programs. The LRS' stakeholders shared the observations below.

- Problems with the DSS' contract process and contractor payments, first identified in RSA's on-site TA visit to LRS in FY 2006, have not been resolved.
- Contractors have been placed in the position of funding services for periods as long as five months before contracts are officially approved and the contractor is reimbursed by LRS.

RSA discussed the observations of its stakeholders with LRS and addressed as many of them as possible either directly or by consolidating them into a broader issue area.

## **Fiscal TA Provided to LRS During the Review Process**

RSA provided the following VR and SE program TA to LRS during the review process:

- a synopsis of each requirement and reviewed with staff RSA's assessment of the agency's compliance with specific financial requirements – match, MOE, carryover, reallocation, program income, liquidation of outstanding obligations and grant closeout;
- one day with LRS management team reconciling federal and non-federal resources, actual and projected expenditures, analyzing the FYs 2008 and 2009 impact of borrowing from future state appropriations to close out FY 2008, and developing strategies increasing non-federal resources, for the timely releasing federal funds that cannot be matched by LRS through the reallocation process, and reported this information to the DSS Secretary;
- discussions on significant shortfalls in non-federal resources that may result in LRS releasing \$17 million in FY 2008 federal funds in reallocation;
- extensive training to LRS financial and management staff related to reporting requirements, financial planning, audit resolution and follow-up requirements, match, MOE, liquidation of outstanding year-end obligations, specific designation of year-end non-federal obligations, carryover, in-kind match, third-party cooperative arrangements, and requirements for requesting obligation extensions;
- training on reconciling the RSA-2 report and clarified reporting instructions related to the reporting of obligations, expenditures, carryover funds, program income, and administrative (including indirect) costs to correct errors to previously reported financial and statistical information;
- discussions on the agency's response to findings resulting from the single audits for FYs 2004, 2005 and 2006, and the current status of corrective actions taken to resolve these findings; and
- discussions with management regarding issues raised by contractors related to the length of time that it currently takes to execute a contractual arrangement, the financial challenges placed on contractors that provide services for lengthy periods before receiving reimbursement for these costs, potential legal issues related to allowing contractors to serve VR consumers outside of the protection of an approved contract, and the reality that contracting in this manner can significantly limit the number of otherwise qualified vendors that would be willing to compete to provide services to VR consumers.

## **VR and SE Programs' Fiscal Management Performance Observations and RSA Recommendations**

RSA identified the following fiscal performance observations and made recommendations to LRS about those observations. LRS responded to each of the recommendations and in those

instances when RSA and LRS agreed upon a recommendation, RSA and LRS identified the TA that RSA would provide to LRS to successfully implement the recommendation.

## 1. Financial and Statistical Reports

**Observation 1:** A review of the RSA-2 (Annual Program/Cost) report indicated that it was not prepared in accordance with the instructions provided to state VR agencies. This appears to be a longstanding problem, with new LRS financial staff using prior year reports as a guideline for preparing the report for FY 2007. The described below errors were noted and discussed with financial staff.

- The FY 2007 report was not reflective of total expenditures/obligations reported on applicable Financial Status Reports (SF-269s) for the state VR program and the SE program.
- Year-end obligations are reported in the incorrect federal fiscal years.
- Schedule IV of the RSA-2 did not include program income expenditures.
- Carryover balances are incorrect on Schedule V.

### Recommendations:

- 1.1 Take the steps necessary to ensure that program and financial staff understand the RSA-2 reporting requirements and that sufficient internal controls are in place to review this report for accuracy before submission to RSA.
- 1.2 Send program and financial staff to the RSA national financial and data conference to obtain a broader understanding of the financial requirements of the state VR program and the specific requirements related to reporting program expenditures and statistical data on the RSA-2 report.

**Agency Response:** LRS will prepare the RSA-2 report for FY 2008 and subsequent reports according to federal requirements inclusive of agency obligations. LRS will send four program and financial staff to the RSA national financial and data conference in August 2008.

**TA:** LRS may request TA.

## 2. Contract Approval Process

**Observation 2:** After conducting a limited review of agency contracts and further discussions with LRS contractors and staff, there appears to have been little notable progress in eliminating the significant time period between the effective dates of contracts and the date that some contracts are finally approved by the department and funds are made available to contractors. This issue was also noted by contractors in RSA's technical assistance visit to LRS in FY 2006.

As a result of these delays, some contractors fund services for up to five months before being reimbursed by LRS.

- Contractors have to fund all of the expenses associated with providing services to VR consumers for several months. This may significantly limit the number and quality of potential contractors, since many may not have sufficient resources to provide services for an extended period of time before receiving compensation.
- Once contracts are approved, even if the state allows contractors to submit payment requests and receive reimbursement for services provided after the effective date of contractual arrangements, this practice weakens the internal control of the agency over financial resources since expenses are being incurred before they have been officially approved or obligated in a timely manner.

### **Recommendations:**

- 2.1 Continue to explore strategies for streamlining the state approval process for contracts and ensuring that all contracts are approved before the effective date of the contractual arrangement.
- 2.2 Strengthen internal controls to ensure that services are not rendered to VR participants before contracts are executed.
- 2.3 Keep current and potential contractors abreast of LRS' efforts to ensure that payments are made in a timely manner for approved services provided to VR consumers.

**Agency Response:** DSS, in an effort to streamline the contract approval process, has implemented a new contract management system. LRS piloted this new system over the last six months and the issues identified during the pilot were addressed. The system has become fully operational as of the end of July 2008. This new system will significantly reduce the contract approval time. In addition, LRS is implementing internal processes requiring that program staff begin contract negotiations much earlier than prior practice as an effort to ensure that contracts are approved prior to the effective date.

**TA:** LRS does not request TA.

### **3. VR Program Non-Federal Funding**

**Observation:** LRS does not have sufficient resources to fully match the federal funds made available to LA to serve VR participants. LRS' federal allotment for FY 2008 is \$56,383,213, requiring a non-federal match of \$15,260,006 to fully utilize all of the federal funds made available to LA. In FY 2007, LRS could not match \$13,236,860 in federal funds and returned these funds to the U.S. Department of Education for use by other states that could provide the match for these funds. The required match for the funds returned in FY 2007 was \$3,582,530. LRS projects that federal funds in excess of \$17 million may be returned from funds made available to the state for FY 2008. The match for the funds projected to be returned is \$4,601,164.

- Initial review of financial data indicates that the agency projects the use of 68 percent of the state-appropriated funds made available for state FY 2009 to close out the last quarter of FY 2008, in comparison to the 25 – 30 percent that most state VR agencies plan to use with fiscal years beginning on July 1.
- This strategy to put needed resources in FY 2008 would still leave the agency in the position of having to release FY 2008 federal funds in excess of \$17 million through the reallocation process.
- This is a 28 percent increase over the federal funds released in FY 2007.

**Recommendations:**

- 3.1 As part of the agency's financial planning process, analyze program short-term and long-term goals and priorities, and the resources necessary to accomplish these goals.
- 3.2 Develop a strategy to pursue additional state-appropriated funding to reduce the expenditure of state-appropriated funds expended in the last quarter of the federal fiscal year, which is the first quarter of the new state fiscal year, to no more than 30 percent of the state funds provided to match the last quarter of the current federal fiscal year and the first three quarters of the next federal fiscal year.
- 3.3 Explore creative strategies for obtaining additional matching funds (and increasing program income) since state-appropriated funds are currently not sufficient to match federal funds made available to the state.

**Agency Response:** LRS will send four staff to the RSA national financial and data conference in August 2008 to gain a broader understanding of fiscal planning. LRS will develop a five-year financial plan to ensure appropriate financial management. The agency will continue to pursue strategies in order to match all federal funds available to the state.

**TA:** LRS may request TA.

**4. Liquidation of Outstanding Year-End Obligations**

**Observations:** In order to carryover unobligated, unexpended federal funds and use these funds for allowable program costs in the next federal fiscal year, the match for these funds must be made on or before September 30 of the fiscal year for which the funds are appropriated. As an example, federal funds that have been given to LRS for FY 2007 may be carried over and used for additional program costs in FY 2008 if these remaining funds have been matched by September 30, 2007. RSA allows states to use actual expenditures and unliquidated obligations to tentatively meet this requirement. States are required to maintain documentation supporting adherence to federal carryover requirements.

- Although LRS had sufficient outstanding obligations to support the total obligations reported to RSA, the decision to use federal or state funds to liquidate outstanding obligations is not made until the time at which the payment is actually made.
- Currently, there is no mechanism in place to officially designate obligations as state obligations or track the liquidation or cancellation of specifically-designated state year-end obligations in the subsequent federal fiscal year.

### **Recommendations:**

- 4.1 Expend sufficient state funds to match the final State VR services program federal allotment on or before September 30 of each federal fiscal year.
- 4.2 Develop a methodology to specifically designate year-end obligations as federal or state, if unliquidated obligations are used to meet the match requirement for carrying over federal funds.

**Agency Response:** LRS will expend sufficient state funds to match the final state VR services program federal allotment on or before September 30<sup>th</sup> of each year.

**TA:** LRS does not request TA.

## **VR and SE Programs' Fiscal Management Compliance Finding and Corrective Action**

RSA identified the following compliance finding and corrective action that LRS is required to undertake. LRS must develop a corrective action plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days and is available to provide TA to assist LRS.

### **1. Allocable Costs (Administrative Costs)**

**Legal Requirement:** OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, Attachment A, Sections C.3.a., C.3.c., and D.1. states:

#### C. Basic Guidelines

3.a. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

3.c. Any cost allocable to a particular federal award or cost objective under the principles provided for in this Circular may not be charged to other federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of federal awards, or for other

reasons. However, this prohibition would not preclude governmental units from shifting costs that are allowable under two or more awards in accordance with existing program agreements.

#### D. Composition of Cost

1. Total cost. 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.

**Finding 1:** All of LRS' administrative (indirect costs) are charged to the state VR services program, with none of these costs allocated to other programs administered by the agency that receive benefit.

- OMB Circular A-87 requires that these costs be allocated to all programs in proportion to benefits received.
- The bulk of the agency's funding is attributable to the state VR program, and an appropriate allocation of costs will most likely result in the vast majority of administrative costs being borne by the state VR program.
- Continuing of the practice of assigning all administrative costs to the state VR services program because of limited funding in other programs is not in accordance with cost principles outlined in this circular. It also results in reducing the limited funds that are available for providing services under the state VR program, and using these resources for costs that are not allocable to this program.
- LRS is not in compliance with OMB Circular A-87, because all of LRS' administrative (indirect) costs are charged to the state VR program, with none of these costs allocated to other programs administered by the agency that receive benefit.

**Corrective Action 1:** LRS must allocate an equitable portion of administrative costs to each program administered by LRS in accordance with the requirements outlined in OMB Circular A-87.

**Agency Response:** LRS has begun charging administrative costs to applicable programs at the end of state FY 2008 and will develop an agency cost allocation plan for administrative/indirect costs that are non-VR related for subsequent fiscal years in line with OMB Circular A-87.

**TA:** LRS staff attended training on the requirements of OMB Circular A-87 and appropriate methodologies for allocating indirect costs at the RSA national financial and data conference in August 2008. LRS does not request that RSA provide additional TA to resolve this finding.

## CHAPTER 4: IL PROGRAM

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### Agency Information and Performance

Based on data in the 704 Part II performance reports of the centers for independent living (CIL), LA served 1,518 individuals in FY 2007 through contracts with the New Horizons Independent Living Center, New Orleans Resources for Independent Living, and the Southwest LA Independence Center. LRS applied \$301,477 in Part B funds toward the provision of IL services. Each CIL also receives funding directly from RSA through its respective Part C grant.

**Table 4.1**  
**Funding for LA IL Program for FY 2006 and FY 2007**

Data Elements	2006	2007
Funding: Title VII, Chapter 1, Part B	301,477	301,477
Funding: Total Resources (including Part B funds)	1,761,188	1,761,188

### IL Program Administration and Service Delivery

LRS is the DSU for the IL Part B program in LA and is responsible for receiving, accounting for, and disbursing Part B funds. LRS awards contracts to the three CILs in the state to provide IL services using Part B funds, and conducts oversight, monitoring and evaluation of all the contracts.

LRS receives an additional \$1,855,582 in state funds and \$44,815 in other funds. These funds are used to expand the provision of the four IL core services and other direct services, including personal assistance services.

The SILC was established through Executive Order KBB 2004-08 and placed within the Governor's Office of Disability Affairs. Full authority is granted to the SILC to carry out its functions. Coordination with the Governor's Office of Disability Affairs is administrative in nature and directed to ensure fiscal accountability and compliance with applicable state laws. The SILC's resource plan is funded in the amount of \$150,528, 78.7 percent of which is federal funds and 21.3 percent state funds.

### Personnel

At the DSU level, LRS assigns one IL specialist to oversee the Part B program. This specialist reports to a program director. Clerical staff are also available to provide support as needed.

### Data Management

Each CIL collects data through its respective data system. These data are made available to RSA through each CIL's 704 Part II performance report. The data are also made available to the SILC

and the DSU for use in monitoring the performance of the Part B program and implementation of the State Plan for Independent Living (SPIL).

## **Fiscal Management**

The IL specialist assigned to the program is responsible for all program review, evaluation and monitoring of Part B contracts. LRS fiscal staff conduct audits. Reports of the findings are provided to the IL contractors outlining any deficiencies, and corrective action is requested if warranted.

## **Quality Assurance**

LA's three CILs submit quarterly reports to the LRS IL specialist to assist with contract monitoring. The IL specialist also conducts annual on-site reviews of each CIL and satellite office.

## **Planning**

The LA ILC, made up of all IL stakeholders, consumer groups and service providers, including OIB IL service providers, jointly conducts strategic planning.

As part of the SPIL development process, the SILC and other IL partners received a comprehensive two day IL training that included information on the Act, IL philosophy, and information on IL services, as well as a discussion of the roles and responsibilities of each component of the state IL services (SILS) program.

## **IL Program TA Provided to LRS During the Review Process**

RSA provided TA in the following IL program areas during the review process regarding:

- SPIL requirements related to SILC roles and responsibilities and financial needs test;
- application of SILC term limit requirements for all members, including ex-officio nonvoting members;
- use of consumer satisfaction surveys and RSA 704 data to monitor implementation of SPIL goals and objectives;
- autonomy of the SILC with respect to hiring, firing, supervising, and evaluating SILC staff; and
- requirements related to the joint development of the SILC resource plan by the SILC and the DSU.

## **Observations of LRS and Its Stakeholders about the Performance of the IL Program**

RSA solicited input from LRS, the SILC, and a wide range of its stakeholders about the performance of the IL program. The LRS, SILC and its stakeholders shared the observations below.

- LRS administers the Part B program in the state, including disbursing federal funds, overseeing the use of Part B funds, and conducting the annual audit of the CILs contractors.
- LRS receives additional state funds that supplement the IL Part B funds for the provision of IL services.
- LRS has a financial needs test that is applied to IL services in the state.
- LRS has a collaborative working relationship among LRS, the SILC, the CILs, and other IL service providers, including the OIB program.

RSA discussed the observations of its stakeholders with LRS and addressed as many of them as possible either directly or by consolidating them into a broader issue area.

## **IL Program Performance Observations and RSA Recommendations**

RSA identified the following performance observations and made recommendations to LRS about those observations. LRS responded to each of the recommendations and in those instances when RSA and LRS agreed upon a recommendation, RSA and LRS identified the TA that RSA would provide to LRS to successfully implement the recommendation.

### **1. SILC Roles and Responsibilities**

#### **Observations:**

- The language in the current SPIL indicates that the SILC may be engaged in activities beyond those outlined in the statute because of the SILC involvement and partnership in the LA ILC.
- The SILC and the DSU are responsible for preparing a resource plan for the provision of resources, including staff and personnel that may be necessary to carry out the functions of the SILC. Currently, a budget is developed by the SILC at the level specified by the DSU, which then becomes the SILC resource plan. There is a need for the process to be improved to reflect the collaborative effort between the SILC and the DSU.

- The language in the executive order establishing the SILC does not specify that the SILC has responsibility for its personnel, including hiring, firing, supervising and evaluating.

**Recommendations:**

- 1.1 Revise the SPIL to clarify language that indicates a lack of separation of the roles and responsibilities of ILC partners to clarify that the SILC is not engaged in activities beyond those outlined in the statute. This revision does not constitute a substantive amendment to the SPIL and, therefore, public hearings are not required.
- 1.2 Improve the process for developing the SILC resource plan by engaging in discussions and negotiations that will result in a resource plan that is jointly developed by both parties as equal partners.
- 1.3 Revise the executive order establishing the SILC to address the requirement that the SILC is responsible for all personnel matters including evaluation, supervision, hiring, and firing of its staff.

**Agency Response:**

- 1.1 LRS, in conjunction with the SILC, will revise the SPIL to clarify language that indicates the separation of the roles and responsibilities of the ILC partners.
- 1.2 LRS and the SILC are committed to improving the process for developing the SILC resource plan by engaging in discussions and negotiations that will result in a resource plan that is jointly developed by both parties.
- 1.3 LRS, the SILC and the Governor's Office will work collaboratively to revise the executive order.

**TA:** LRS does not request TA.

**2. SILS Program: Policies and Procedures, SILC Appointments, Consumer Satisfaction Surveys****Observations:**

- There is a financial needs test in effect for the SILS program, and it is not included in the current SPIL.
- The DSU contract with the CILs includes a requirement to distribute satisfaction surveys to consumers receiving services through the SILS program. However, the results of those surveys are not shared with the SILC.

- All SILC members have served for the required two consecutive three-year term limits. LRS was not aware that the term limit requirement applies to all members, including ex-officio nonvoting members.
- Discussions with the DSU indicate the need to revise and update the policies and procedures used by the state to operate the SILS program. The current policies and procedures are those used in the VR program.

**Recommendations:**

- 2.1 Provide the results of satisfaction surveys received from the CILs to the SILC.
- 2.2 Develop additional questions based on SPIL goals and objectives in these surveys to solicit consumer feedback that could help the SILC better carry out its duty to monitor, review, and evaluate the implementation of the SPIL.
- 2.3 Share CIL 704 Part II reports with the SILC to provide data that the state can use in improving IL service provision.
- 2.4 Ensure that term limits apply equally to all SILC members, including ex-officio non-voting members.
- 2.5 Separate any portions of the VR policies and procedures that are applicable to the SILS program and update/revise the separated portions to ensure that IL service providers are in compliance with all program requirements.

**Agency Response:**

- 2.1 LRS will receive the surveys from the CILS and provide results to the SILC.
- 2.2 LRS agrees to develop additional questions in the consumer satisfaction surveys.
- 2.3 This practice is currently being done.
- 2.4 LRS agrees that all SILC members will abide by established term limit requirements.
- 2.5 LRS concurs and will develop policy and procedures applicable to the SILS.

**TA:** LRS does not request TA.

## CHAPTER 5: IL OIB PROGRAM

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### Agency Information and Performance

Based on data in the FY 2007 7-OB annual performance report, LRS served 1,534 individuals through three contractors, and expended \$464,604 in Title VII, Chapter 2 funds, \$255,030 in state funds, and \$417,285 of in-kind contributions (see Table 5.1).

**Table 5.1**  
**LRS OIB Expenditures, Performance, and FTEs for FY 2006 and FY 2007**

Data Elements	2006	2007
Expenditures: Title VII, Chapter 2	471,121	464,604
Expenditures: Total (including Chapter 2)	840,125	1,136,919
Performance: Total Older Individuals who are Blind Served	1,201	1,534

### OIB Program Administration and Service Delivery

LRS administers the OIB program and provides OIB services through three contractors located in each region of the state.

#### Personnel

LRS has a total of .75 full time equivalent (FTE) administrative staff designated to the OIB program from eleven individuals, including fiscal staff, and .22 FTE support staff from three individuals. LRS' OIB contractors designate 2.0 FTE administrative staff from four individuals, 8.75 FTE direct service staff from 15 individuals, and 4.0 FTE support staff from five individuals.

#### Data Management

In FY 2007, LRS subscribed to a database, but the process of having the three contractors subscribe was delayed when RSA informed OIB program managers that 7-OB data could be entered electronically through the RSA MIS in the very near future. Currently, each contractor is responsible for collecting and maintaining its own data and submitting a completed 7-OB report to the OIB program manager at the end of each fiscal year. The program manager compiles the data from each of the three contractors into one 7-OB report that is then submitted to RSA.

#### Fiscal Management

The LRS fiscal department is responsible for fiscal management of the OIB program.

## Quality Assurance

In LA, the OIB program manager is responsible for conducting QA of the OIB program. The program manager conducts annual on-site reviews of each contractor, or more often if needed. The program manager reviews service records and contacts consumers to determine the level of satisfaction with the services provided by each of the three contractors.

## Planning

LRS OIB staff and contractors coordinate planning activities in the state with the LA ILC. Additionally, in 2005, the Mississippi State University's Rehabilitation Research and Training Center conducted a study of LRS' OIB program. The state is in the process of implementing recommendations resulting from that study.

## OIB Program TA Provided to LRS During the Review Process

RSA provided the following OIB program TA to LRS during the review process regarding:

- resource development and leveraging resources;
- consumer involvement in outreach activities;
- improving community awareness especially among older individuals in the state; and
- OIB policies and procedures.

## Observations of LRS and Its Stakeholders about the Performance of the OIB Program

RSA solicited input from LRS and stakeholders about the performance of the OIB program. LRS and its stakeholders shared the observations below.

- OIB stakeholders indicated the need for increased outreach and community awareness to serve additional older blind individuals in LA.
- LA will increase collaborative activities with the CILs since they have more presence in the communities within their service areas.
- Contractors collaborate more with other agencies and organizations such as the Veterans Administration and the Department on Aging to leverage resources.

RSA discussed the observations of its stakeholders with LRS and addressed as many of them as possible either directly or by consolidating them into a broader issue area.

## **OIB Program Performance Observations and RSA Recommendations**

RSA identified the following performance observations and made recommendations to LRS about those observations. LRS responded to each of the recommendations and in those instances when RSA and LRS agreed upon a recommendation, RSA and LRS identified the TA that RSA would provide to LRS to successfully implement the recommendation.

### **1. OIB Services: Increasing Community Awareness and Outreach, OIB Policies and Procedures**

#### **Observations:**

- The OIB partnership in the ILC has increased awareness of the service needs of the older blind population among ILC partners. However, there are indications of the need to clearly separate OIB from all other IL programs in the state, as noted by inclusion of Chapter 2 funds in the financial plan table of the state's effective SPIL when no OIB objectives appear in the plan.
- Stakeholder information indicates the need for improved awareness among the older blind population in the state about the program especially in the north central part of the state, including Monroe and Pineville.
- Information provided by contractors and stakeholders indicate that the geography and rural nature of the state make it difficult for consumers to travel and for providers to reach as many consumers as require IL services. Because of limited reliable public transportation across the state, older blind consumers are served in their homes or around their communities.
- OIB contractors indicated that currently OIB services are regionalized by contract and it may be helpful to open the entire state to all three contractors.
- There is a waiting list for OIB services with a time period of approximately four to six weeks.
- Currently, the OIB program uses VR policies and procedures to ensure compliance with OIB program requirements. The program manager expressed an interest in reviewing policies and procedures used in other states to help provide a clear understanding of how appropriate policies and procedures can be developed for the OIB program. RSA provided the requested contact information.

#### **Recommendations:**

- 1.1 Maintain the OIB program as a separate entity from the state's other IL programs.

- 1.2 Increase awareness activities conducted by OIB contractors, including providing brochures at doctors' offices and using volunteers to reach additional older individuals who need IL services in the state.
- 1.3 Include consumers in OIB contractor outreach efforts to increase awareness among the older population in the state.
- 1.4 Increase collaboration between OIB contracts and CILs because centers are located throughout the state and have more presence in their communities.
- 1.5 Increase collaboration between OIB contractors and other agencies and organizations such as the Veterans Administration and the Department on Aging to secure additional resources that could help improve service provision in the state.
- 1.6 Develop separate policies and procedures that are specific to the OIB program requirements.

**Agency Response:**

- 1.1 LRS currently maintains the OIB program as a separate program and will continue to do so.
- 1.2 and 1.3 All contractors of older OIB currently have a system in place for providing information and outreach. They participate in activities such as attending health fairs, appearing on local TV and radio, and seeking coverage in local newspapers. Contractors will be encouraged to seek strategies and methods for increasing awareness.
- 1.4 LRS will encourage the providers and the CILs to share information regarding services they provide in order to maximize resources.
- 1.5 This is beyond the scope of the agency's authority over the contractors. However, LRS will share any grant information received with the providers as appropriate.
- 1.6 LRS is in the process of researching and gathering information for the development of policy and procedures specific to the OIB program.

**TA:** LRS does not request TA.

## APPENDIX: SOURCES OF DATA

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### VR and SE Program Highlights

- Total funds expended on VR and SE – RSA-2 line 1.4
- Individuals whose cases were closed with employment outcomes - RSA-113 line D1
- Individuals whose cases were closed without employment outcomes - RSA-113 line D2
- Total number of individuals whose cases were closed after receiving services – RSA-113 line D1+D2
- Employment rate – RSA-113 line D1 divided by sum of RSA-113 line D1+D2, multiplied by 100
- Individuals whose cases were closed with SE outcomes – Total number of individuals whose employment status at closure (record position 161) = 7 in the RSA-911 report
- New applicants per million state population – RSA-113 line A2 divided by the result of the estimated state population divided by 1 million. The estimated state population is found on the following website:<http://www.census.gov/popest/states/NST-ann-est.html>
- Average cost per employment outcome – Sum of individuals' cost of purchased services from the RSA-911 (record position 104-109) for individuals who achieved an employment outcome (record position 198 =3) divided by the total number of these individuals
- Average cost per unsuccessful employment outcome – Sum of individuals' cost of purchased services from the RSA-911 (record position 104-109) for individuals who did not achieve an employment outcome (record position 198 =4) divided by the total number of these individuals
- Average hourly earnings for competitive employment outcomes - Sum of individuals' weekly earnings at closure (record position 163-166) divided by the total hours worked in a week at closure (record position 167-168) for individuals where weekly earnings at closure > 0, where the type of closure (record position 198) = 3, and where competitive employment (record position 162) = 1
- Average state hourly earnings – Using the most relevant available data from the Bureau of Labor Statistics Report (<http://www.bls.gov>), state average annual earnings divided by 2,080 hours

- Percent average hourly earnings for competitive employment outcomes to state average hourly earnings – Average hourly earnings for competitive employment outcomes (above) divided by the Average state hourly earnings (above) multiplied by 100
- Average hours worked per week for competitive employment outcomes - Average hours worked in a week at closure (record position 167-168) for individuals where weekly earnings at closure (record position 163-166) > 0 and where the type of closure (record position 198) = 3 and competitive employment (record position 162) = 1
- Percent of transition age served to total served – Total number of individuals whose age at closure is 14-24 and whose type of closure (record position 198) is 3 or 4 divided by all individuals of any age whose type of closure (record position 198) is 3 or 4
- Employment rate for transition population served – Total number of individuals whose age at closure is 14-24 and whose type of closure (record position 198) = 3 divided by the number of individuals whose age at closure is 14-24 and whose type of closure (record position 198) is 3 or 4 multiplied, the result of which is multiplied by 100
- Average time between application and closure (in months) for individuals with competitive employment outcomes - Average of individuals date of closure (record position 201-208) minus date of application (record position 15-22) in months where type of closure (record position 198) = 3 and competitive employment (record position 162) = 1

#### **IL Program Highlights** (From RSA 704 report)

- Funding: Title VII, Chapter 1, Part B - Subpart I, Administrative Data, Section A, Item 1(A)Funding: Total Resources (including Part B funds) - Subpart I, Administrative Data, Section A, Item 4
- Performance: Total Served - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section A(3)
- Performance: Total Consumer Service Records Closed - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section B(6)
- Performance: Cases Closed - Completed All Goals - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section B(4)
- Performance: Total Goals Set - Subpart III, Section B, Item 1, sum of (A) + (B) + (C) + (D) + (E) + (F) + (G) + (H) + (I) + (J) + (K) + (L) for the column “Goals Set”
- Performance: Total Goals Met - Subpart III, Section B, Item 1, sum of (A) + (B) + (C) + (D) + (E) + (F) + (G) + (H) + (I) + (J) + (K) + (L) for the column “Goals Achieved”
- Performance: Total Accesses Achieved - Subpart III, Section B, Item 2, sum of (A) + (B) + (C) for the column “# of Consumers Achieving Access”
- Staffing: Total FTEs - Subpart I, Section F, sum of Item 2 for the column “Total Number of FTEs”

- Staffing: Total FTEs with Disabilities - Subpart I, Section F, sum of Item 2 for the column “Total Number of FTEs with Disabilities”

**ILOB Program Highlights** (From RSA 7-OB Form)

- Expenditures: Title VII, Chapter 2 - Part I-Sources and Amounts of Funding, (A)(1)
- Expenditures: Total (including Chapter 2) - Part I-Sources and Amounts of Funding, (A)(6)
- Performance: Total Older Individuals who are Blind Served - Part III-Data on Individuals Served During This Fiscal Year, (B)-Gender, sum of (1) + (2)
- Staffing: Total FTEs - Part II-Staffing, sum of (1) + (2) + (3) + (4) for the column “Total FTEs: State Agency + Contactors”
- Staffing: Total FTEs with Disabilities - Part II-Staffing, sum of (1) + (2) + (3) + (4) for the column “FTEs with Disability”