

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



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

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EXECUTIVE SUMMARY

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 Montana (MT):

- the vocational rehabilitation (VR) program, established under Title I;
- the supported employment (SE) program, established under Title VI, part B;
- the independent living (IL) program, authorized under Title VII, part B; and
- the independent living services program for older individuals who are blind (OIB), established under Title VII, Chapter 2.

In MT, Montana Vocational Rehabilitation (MVR) is responsible for administering the VR, SE, and OIB programs. MVR and the Statewide Independent Living Council (SILC) jointly administer the IL program under Title VII, Part B.

RSA's review began in the fall of 2007 and ended in the summer of 2008. During this time, RSA's MVR 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, Vocational Rehabilitation Council (VRC) members, Statewide Independent Living Council (SILC) members, and stakeholders to share information, identify promising practices, and areas for improvement;
- provided technical assistance during the review process and identified the technical assistance that RSA would provide in the future to help improve program performance or ensure compliance;
- identified promising practices;
- worked with MVR and stakeholders to develop goals and strategies to address performance issues;
- determined if there were any compliance issues and if there were, worked with MVR to ensure their correction;
- made recommendations for MVR to address areas for improvement; and

- identified issues for further review.

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

Strengths:

- MVR uses a well-developed strategic planning process to identify goals for program improvement and strategies to achieve these goals.
- MVR has engaged in successful planning efforts for a number of years to address the impending retirement of current management.
- MVR uses its electronic data and case management systems to obtain programmatic and fiscal data used in the management of the VR and IL programs.

Challenges:

- The natural geographic barriers in the state impose difficulties for the provision of VR and IL services, including services to transition-age youths, due to the resulting limitations for transportation and communication. MVR has difficulty recruiting counselors in the rural areas of the state, and counselors must travel long distances to meet with individuals. In addition, technological advances, such as the internet and video communication, are not available in vast portions of Montana.
- A significant number of individuals who are determined eligible for VR services exit the program prior to receiving services, a circumstance that may be related to the length of time taken to develop Individualized Plans for Employment, in particular, the length of time required to conduct assessments.

INTRODUCTION

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 Supported Employment 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 independent living outcomes;
- recommends that the state agency undertake specific actions to improve program performance; and
- provides technical assistance (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.

In addition, RSA also reviewed MVR's progress on:

- the agency's Corrective Action Plan that was established as a result of findings from RSA's FY 2004 Section 107 monitoring review; and
- the assurances that MVR made to RSA in connection with the approval of its FY 2008 State Plan.

Montana Administration of the VR, SE, IL and OIB Programs

MVR is located within the Montana Department of Public Health and Human Services (PHHS), the designated state agency. MVR administers a combined program that serves individuals who are blind as well as individuals with other disabling conditions. The State VR, SE, IL and OIB programs are under the administration of MVR. MVR administers its programs through four regions (Billings, Great Falls, Butte and Missoula), in which are located eleven field offices. Agency staff are also co-located in four one-stop centers across the state.

For the four programs listed above, this report describes RSA's review of MVR, provides information on its performance, identifies promising practices, identifies performance and compliance issues, along with the related recommendations for program improvement. The report also identifies the technical assistance that RSA will provide to MVR to address each of the issues covered during the review.

Appreciation

RSA wishes to express appreciation to the representatives of PHHS, MVR, the SRC, SILC, and the stakeholders who assisted the RSA monitoring team in the review of MVR. RSA also wishes to thank Mr. Joe Mathews for his years of dedicated service to persons with disabilities.

CHAPTER 1: RSA'S REVIEW PROCESS

Data Used During the Review

RSA's review of MVR 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 was 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, RSA's MT 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, Vocational Rehabilitation Council (VRC) members, SILC members, and stakeholders to share information, and identify promising practices and areas for improvement;
- provided technical assistance during the review process and identified the technical assistance that RSA would provide in the future to help improve program performance or ensure compliance;
- identified promising practices;
- worked with MVR and stakeholders to develop goals and strategies to address performance issues;
- determined if there were any compliance issues and if there were, worked with MVR to ensure their correction;
- made recommendations for MVR to address areas for improvement; and
- identified issues for further review.

RSA MT State Team Review Participants

Members of the RSA's MT state team included representatives from each of the five functional units located within RSA's State Monitoring and Program Improvement Division. The RSA MT state team was led by RSA's state liaison to MT, David Wachter (VR Unit). Other members of the team included Janette Shell (TA Unit); Yann-Yann Shieh (data Unit); Jacqueline Stuckey (fiscal Unit); and Lawrence Vrooman (VR Unit).

Information Gathering

During FY 2008, RSA began its review of MVR by analyzing information including, but not limited to, RSA's various data collections, MVR's VR and IL state plans, and MVR's VRC'S Annual Report. After completing its internal review, the RSA team carried out the following information gathering activities with MVR and stakeholders in order to gain a greater understanding of MVR's strengths and challenges:

- conducted four teleconferences with VR and IL stakeholders beginning in January 2008;
- conducted four teleconferences with the MVR management beginning in December, 2007;
- conducted four teleconferences with MVR IL program staff, SILC members and administrative staff, and OIB staff; and
- conducted an on-site monitoring visit from April 27 through May 2, 2008 and met with staff of MVR, PHHS, the Client Assistance Program, and members of the VRC and the SILC.

CHAPTER 2: MVR VOCATIONAL REHABILITATION AND SUPPORTED EMPLOYMENT PROGRAMS

Agency Information and Performance

In FY 2007, MVR had 3,536 applicants and successfully rehabilitated 912 individuals. Of those who were successfully rehabilitated, 66 individuals achieved SE outcomes. The agency's rehabilitation rate declined from 62.88 percent in FY 2003 to 57.87 percent in FY 2007.

Table 2.1 Performance Highlights

Montana Department of Public Health & Human Services – Division of Disability Services Table 2.1 Program Highlights	2003	2004	2005	2006	2007
Total funds expended on VR and SE	\$12,615,720	\$13,168,737	\$13,976,665	\$13,635,297	\$13,748,424
Individuals whose cases were closed with employment outcomes	925	892	899	909	912
Individuals whose cases were closed without employment outcomes	546	615	638	673	664
Total number of individuals whose cases were closed after receiving services	1,471	1,507	1,537	1,582	1,576
Employment rate	62.88%	59.19%	58.49%	57.46%	57.87%
Individuals whose cases were closed with supported employment outcomes	78	66	64	99	66
New applicants per million state population	3,716.30	3,726.88	3,559.57	3,338.30	3,363.54
Average cost per employment outcome	\$5,479.11	\$5,412.02	\$5,304.18	\$5,874.13	\$6,158.41
Average cost per unsuccessful employment outcome	\$3,910.01	\$3,767.62	\$4,503.76	\$4,328.26	\$4,164.77
Average hourly earnings for competitive employment outcomes	\$8.70	\$8.82	\$9.14	\$9.39	\$9.87
Average state hourly earnings	\$12.94	\$13.23	\$13.88	\$14.49	\$15.27
Percent average hourly earnings for competitive employment outcomes to state average hourly earnings	67.23%	66.67%	65.85%	64.80%	64.64%
Average hours worked per week for competitive employment outcomes	30.14	29.90	30.17	29.76	31.22
Percent of transition age served to total served	16.72%	17.05%	17.05%	16.18%	17.89%
Employment rate for transition population served	60.98%	62.26%	57.25%	53.52%	57.80%
Average time between application and closure (in months) for individuals with competitive employment outcomes	25.8	24.3	24.0	24.5	25.3

VR and SE Service Delivery

MVR administers the VR and SE programs through four regions each overseen by a regional administrator. Because each region has its own unique needs, the service delivery process may be adjusted to meet the regions geographic and or demographic differences. To respond to the regional needs, each region develops a regional plan modeled after the agency's State Plan.

Each VR counselor provides counseling and guidance using a person-centered narrative approach, written into the agency's case management system, to obtain the individual's "unique story" related to impediments to employment and service needs. MVR provides a majority of job development and placement services through the purchase of these services from 43 CARF accredited community rehabilitation programs in the state.

MVR provides new applicants with basic information about the CRPs and data regarding the effectiveness of each program. The agency encourages individuals to use this information to make their own choice as to which CRP they want help from in obtaining gainful and competitive employment.

Personnel

In FY 2007, MVR used a total of 83 full-time equivalents (FTEs) to administer and operate the VR program, including five administrators, 38 counselors and 40 counseling support staff. The State Director, Field Services Director, and Program Support Bureau Chief have worked as a team for over ten years. This team will dramatically change, as the Field Services Director retired at the end of June 2008 and the State Director will retire before the end of this year.

In planning for this eventuality, MVR formed the MVR Futures Group. The Futures Group is a three-year part-time internship for agency staff in the MVR central office in Helena. Participants come from each of the four state regions to obtain an understanding of the different issues in each region. As a group, they identify barriers to service improvement. Each year the group completes a variety of management and programmatic problems designed to improve services and facilitate better outcomes.

Data Management

MVR developed its data management system in 1996. Information technology staff have updated the system frequently based on suggestions made by the system users. MVR uses the system to generate all federally-required reports, including the RSA-2, the RSA-113 and the RSA-911.

In May 2007, MVR developed a VR case management system for client program management and documentation. The case management system operates as an extension of the data management system. The case management and documentation portion of the system stores

narrative information typical to case documentation and plan writing. It imports information from the larger system and interacts with current fields and programs. The system also has built-in functions to remind counselors of critical due dates and to ensure that data entered are within a reasonable range.

Quality Assurance

MVR engages in a bi-regional quality assurance review on an annual basis and all regional administrators conduct at least one service record review per year. This activity consists primarily of a case record review conducted by one supervisor and one counselor from each of the two regional offices. A standardized case record review form is used to maintain consistency and thoroughness.

Planning

MVR is continuously in a stage of strategic planning, referred to as the “Cycle of Service.” This process concentrates entirely on responding to public need as articulated through community narrative and is modified by other formal evaluation and assessment tools.

The Cycle creates a sequence of “windows of opportunity” for MVR and the VRC to work together. The Cycle provides a specific value-based discipline to the MVR agency for listening to the individual issues from a transparent posture of service, and generates the annual operational plan for the agency using a predictable and accountable mechanism of continuous improvement. This plan is then incorporated into the agency’s VR State Plan.

VR and SE Program Technical Assistance Provided to MVR During the Review Process

RSA provided VR and SE program technical assistance to MVR during the review process regarding:

- self-determination curriculums used in other states;
- access and use of RSA's Management Information System (MIS), including conduct of ad hoc queries for comparison and contrast with other agencies;
- the assessment of individuals with significant disabilities for the purpose of determining eligibility; and
- the provisions of the interagency agreement with the State Education Agency, including those related to the financial responsibilities of each party.

Observations of MVR and Its Stakeholders about the Performance of the VR and SE Programs

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

- There is a strong relationship between MVR and the VRC.
- There are significant unmet transportation and communication needs of individuals with disabilities in this sparsely populated and large state.
- There is positive collaboration between the VRC and projects providing VR services to American Indians with disabilities in the state.
- There is a need to improve the timely provision of transition services and the quality of employment outcomes achieved by transition-age youths.

RSA discussed the observations of its stakeholders with MVR and addressed as many of them as possible 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 MVR about those observations. MVR responded to each of the recommendations and in those instances when RSA and MVR agreed upon a recommendation, RSA and MVR identified the technical assistance that RSA would provide to MVR to successfully implement the recommendation.

1. Dropout Rate Between Eligibility and IPE Development

Observation: A significant percentage of eligible persons dropout of the MVR program before an IPE is developed. The dropout rate may be related to the amount of time that it takes MVR to develop IPEs. The number of individuals who drop out of the program is having a significant negative impact on the agency's employment rate.

- It is MVR's policy to develop IPEs within 120 days of eligibility, unless the individual and the counselor agree that a specific extension of the time standard is warranted.
- In FY 2006, the percentage of eligible individuals leaving the MVR program prior to signing an IPE was 44.55 percent (RSA 113 and RSA 911, 2002 – 2006), an increase of 5 percent since FY 2002.
- For FY 2006, 34 percent of individuals eligible for the MVR program waited up to 150 days before signing an IPE and 21.5 percent waited up to 180 days.

- In FY 2006, the national average of the percentage of individuals who wait up to 150 days was 21 percent and the national average for those waiting up to six months was 14.75 percent (RSA 113 and RSA 911, 2002 – 2006).
- MVR's employment rate has decreased from 65.28 percent in FY 2002 to 57.87 percent in FY 2007.
- During the summer of 2006, MVR conducted a case record review because of concerns related to the increase in the time individuals were waiting between eligibility determinations and the development of an IPE, as well as the decreasing employment rate.
- Based on interviews with staff and the vocational evaluator from Western Mental Health, one possible factor in the delay of services may be related to the delay in obtaining vocational assessments for the 22.19 percent of individuals with severe and persistent mental illness (RSA 113 and RSA 911, 2002 – 2006). As indicated by the vocational evaluator from Western Mental Health, she is the sole provider for vocational evaluations for this population in western Montana, and it is not her full time job.

Recommendation 1: RSA recommends that MVR follow up on the program assessment done during the summer of 2006 by:

- 1.1 identifying the factors that are causing the high dropout rate between eligibility and signing an IPE, including whether delays in the development of the IPE are contributing significantly to the dropout rate;
- 1.2 developing performance goals for lowering the dropout rate and strategies to achieve those goals; and
- 1.3 evaluating the extent to which the goals have been achieved using the strategies that were implemented.

Agency Response: MVR notes that it administers the VR program in compliance with all federal requirements and that it has met or exceeded the required performance levels for both Evaluation Standards 1 and 2. Montana concurs with the observations and will follow up with continuous program assessment to identify factors that are causing dropouts between eligibility and the signing of the IPE.

MVR implemented its 120-day IPE rule on October 1, 2006. Therefore, some of the observations of data prior to that date may no longer be applicable to current agency practices. FY 2007 data indicate that the number of individuals who exited the VR program before receiving services dropped by 220 individuals, a positive development. The Chief of Field Services will be conducting bi-district meetings shortly and this issue will be addressed in detail with MVR staff.

MVR is making more use of benefits planners that are housed at the four Independent Living Centers. This strategy is already developed within the agency's strategic plan.

TA: MVR requests TA.

2. Transition-Age Youths

Observation: The percentage of transition-age youths served by MVR is significantly lower than the national average for general or combined agencies. In addition, over the last five years the number of employment outcomes and MVR's employment rate for transition age youths has decreased.

- In FY 2006, nationally, transition-age youths made up 26.99 percent of all the individuals served by VR agencies. In FY 2006, transition-age youths made up 16.18 percent of all the individuals served by MVR.
- MVR's employment outcomes for transition-age youths decreased from 155 in FY 2002 to 137 in FY 2006.
- MVR's employment rate for transition-age youths decreased from 63.52 percent in FY 2002 to 53.52 percent in FY 2006.
- According to Facts of Montana Education on the Office of Public Education (OPI) web site, Montana has 433 school districts and 170 high schools, which are being served by 39 MVR counselors.
- MVR has begun a pilot project to improve its performance with transition-age youths. The pilot places a VR counselor in schools in and around Missoula. If the pilot is successful and future funding is available, MVR is planning to provide similar services statewide. RSA notes that if the pilot project is permanently funded, MVR should consider issues related to statewideness of service provision as required under the Act and its implementing regulations.
- Montana has unique barriers because of its demographic and geographic make up. It is a frontier state, which is defined as 6 or fewer individuals living in one square mile. Mountains divide the different regions, public transportation is available in only four cities and, according to OPI, the state has a Native American school age population of 11.4 percent. These factors pose a significant challenge to having a comprehensive transition-age youths program that is inclusive of all eligible individuals.

Recommendation 2: RSA recommends that MVR:

2.1 increase the percentage of transition-age youths served by MVR, the number of employment outcomes and its employment rate for transition-age youths by developing performance goals and strategies to achieve those goals including, but not limited to:

- including the state transition program coordinator as a member of the state office executive management team for purposes of planning and coordination;
- tracking additional transition data, including, but not limited to, data on outcomes, outreach strategies, types of services, service costs to analyze trends for the transition population in the state;
- collecting and compiling resources and promising practices from other states and exploring what aspect of the practice can be used in MT; and
- collecting and analyzing data on the outcomes of the transition pilot to determine the efficacy of statewide implementation and developing an implementation plan; and

2.2 take the following actions to revise the MOU on transition services with OPI in accordance with 34 CFR 361.22(b):

- the description of procedures for outreach and identification of students and families in need of transition services should include actions being taken to engage those who are not aware of VR services, including how the agency will identify and work with transition-aged youths who are in alternative high school settings or are incarcerated; and
- the description of the financial responsibilities of each agency. The MOU should include a statement that the school is financially responsible for the cost of services it is mandated to provide under IDEA and that MVR is responsible for the cost of the services it is mandated to provide under the Rehabilitation Act. Ideally, the MOU should also include how the parties will handle paying for a service either party is mandated to provide. If negotiations are needed, a statement should be included that payment will be based on the needs of the student and which agency is best positioned to provide that service at that time.

Agency Response: MVR agrees that there are factors that pose significant challenges to a comprehensive transition-age youths program that is inclusive of all eligible individuals in a state that is very large geographically and has a great number of school districts.

MVR has adopted the following strategies to improve transition services and the outcomes achieved by transition-age youths:

- having a Counselor with regular office hours in schools;
- using video conferencing capability to attend IEP meetings in rural schools;
- involving Counselors in the Montana Youth Leadership Forum, including at least one Counselor from each region attending the summer program;

- developing a transition power point presentation, which has been used at our All-Staff Meeting and at other events;
- having one Counselor assigned to each High School in the state;
- asking schools to make written referrals and then immediately responding to the schools, (Billings);
- providing posters, power point presentations and training to the schools; and
- conducting retreats for teachers and parents to talk about what happens after graduation and how they may better prepare transition-age youths to be thinking about employment and VR services.

MVR agrees with all of the RSA recommendations in 2.1 and 2.2 and looks forward to working with RSA to continually improve in these areas. MVR will begin working with the OPI to draft a new cooperative agreement that contains the information referenced in recommendation 2.2.

TA: MVR requests TA.

CHAPTER 3: FISCAL MANAGEMENT OF MVR VOCATIONAL REHABILITATION AND SUPPORTED EMPLOYMENT PROGRAMS

RSA reviewed MVR's 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 financial controls, internal processes for the expenditure of funds, use of appropriate accounting practices, and financial 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 MVR for FY 2003 through FY 2007**

Fiscal Year	2003	2004	2005	2006	2007
Grant Amount	10,092,165	10,226,796	10,436,312	10,650,000	11,147,011
Required Match	2,731,425	2,767,862	2,824,567	2,882,402	3,016,917
Federal Expenditures	10,092,165	10,226,796	10,436,312	10,650,000	11,147,011
Actual Match	2,731,425	2,769,874	2,827,606	2,883,517	3,017,668
Over (Under) Match	0	2,012	3,039	1,115	751
Carryover at 9/30 (year one)	0	0	0	0	0
Program Income	395,063	195,894	400,951	576,650	460,515
Maintenance of Effort (MOE)	2,621,027	2,691,189	2,731,425	2,769,874	2,827,606
Administrative Costs	1,180,287	1,180,287	1,323,169	1,312,227	1,331,800
Total Expenditures*	12,615,720	13,168,737	13,976,665	13,635,297	13,748,424
Percent Admin Costs to Total Expenditures	9.36%	8.96%	9.47%	9.62%	9.69%

*Includes Supported Employment Program Expenditures.

Explanations Applicable to the Fiscal Profile Table

Grant Amount:

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

Match (Non-Federal Expenditures):

The non-federal share of expenditures in the State VR Services 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 Rehabilitation Act (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 State VR Services 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.

Program Income:

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

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

Maintenance of Effort (MOE):

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

In reviewing compliance with this requirement, RSA examined documentation supporting fiscal year-end and final non-federal expenditures previously reported for each grant year.

Administrative Costs:

Administrative costs means expenditures incurred in the performance of administrative functions including expenses related to program planning, development, monitoring and evaluation. More detail related to expenditures that should be classified as administrative costs is found in VR Program regulations at 34 CFR 361.5(b)(2).

Fiscal Technical Assistance Provided to MVR During the Review Process

RSA provided VR and SE program technical assistance to MVR during the review process regarding:

- an overview of the formula allocation under Title I;
- a demonstration of the MIS with MVR fiscal staff; and
- over matching and the agency's entitlement to additional funding if requested in the reallocation process.

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

RSA identified the following fiscal performance observations and made recommendations to MVR about those observations. MVR responded to each of the recommendations and in those instances when RSA and MVR agreed upon a recommendation, RSA and MVR identified the

technical assistance that RSA would provide to MVR to successfully implement the recommendation.

1. RSA-2 Reporting

Observation: A review of the resources available to MVR in FY 2007 from the final allotments for Title I and Title VI-B, carryover funds from the previous year and program income funds against the data reported on the MVR RSA-2, indicated discrepancies in that report.

- The difference between the funds made available to MVR and the expenditures reported on the RSA-2 did not match; and
- MVR fiscal staff reported that the difference between the available resources and the RSA-2 report is due to unreported unliquidated obligations that were not reported for fringe benefits on the report. This was attributed to a programming issue, which allows the reporting of only expenditures and not unliquidated obligations.

Recommendation 1: RSA recommends that MVR revise its RSA-2 reports submitted for FY 2003 to FY 2007, to include all unreported costs incurred under the State Vocational Rehabilitation Services Program including unliquidated obligations that were not reported for fringe benefits.

Agency Response: MVR agrees with this recommendation and will revise the reports.

TA: MVR does not request TA.

VR and SE Fiscal Issues for Further Review

RSA plans on conducting further review of the following VR and SE fiscal issues:

- The review of revised RSA-2s to include unliquidated obligations related to fringe benefits for FY 2003 through FY 2007 made by MVR in response to Recommendation 1; and
- follow-up with fiscal staff to ensure that non-Federal expenditures reported on the SF-269 associated with the Business Enterprise Program are reported on the RSA-15.

CHAPTER 4: INDEPENDENT LIVING PROGRAM

Agency Information and Performance

In FY 2007, 2,083 consumers received IL services provided by five CILs funded by federal Part B and C funds and state funds.

Table 4.1
IL Program Highlights for MVR for FY 2006 and FY 2007

Data Elements	2006	2007
Funding: Title VII, Chapter 1, Part B	312,515	290,266
Funding: Total Resources (including Part B funds)	707,220	668,408
Staffing: Total FTEs	1.00	1.00
Staffing: Total FTEs with Disabilities	1.00	1.00

IL Program Administration and Service Delivery

MT utilizes \$206,892, the majority of its Part B funds, to provide services to consumers through its network of two CILs. An additional \$22,986 in State match funds and \$349,899 in State general funds are provided to the CILs for general operations and service provision.

Part B funds provided to the CILs are monitored by the DSU for compliance with the SPIL and applicable federal and state laws and accompanying regulations. The DSU also provides \$8,647 in Part B funds, \$9,415 in Section 110 funds and \$4,499 in state match to support the activities of the SILC.

Personnel

Administrative staff support for the SILC is provided by MVR with Title VII Part B funds (including match). The staff support position is responsible for providing a variety of activities to the SILC, including the coordination and hosting of meetings, support of SILC committees, assisting with management and execution of the SPIL and document development. This individual also serves as a liaison to the SILC, MVR and CILs. The IL program manager is the primary staff person involved with providing the support; however other MVR staff provide support based on need and expertise.

Data Management

The state provides direct services through contracts with the CILs. The CILs submit to MVR copies of their RSA-704 Reports containing financial and programmatic data.

Fiscal Management

MVR has developed extensive monitoring procedures related to the Part B funds provided to the CILs for services to consumers. The MVR program manager conducts a site visit to review each CIL every other year. He reviews case records, conducts interviews and other activities necessary to assess the service delivery system of CILs. A SILC representative is invited to accompany the program manager on the site visit. Within thirty days following the site visit, a written report is developed and delivered to the CIL director, with a copy delivered to the Board. A verbal report is provided to the full SILC at the SILC meeting following the site visit.

Quality Assurance

Compliance by the service providers is monitored by reviewing the annual reports of the contractors. MVR and the SILC utilize additional methods for the periodic evaluation of the effectiveness of the SPIL in meeting the objectives including:

- yearly self-evaluations to meet the expectations of the RSA-704 reporting system;
- quarterly reviews, conducted by the SILC and program manager from the DSU, of CIL data, relevant to the RSA-704 reporting data and the compliance requirements for the SPIL, Part B and General Fund contracts;
- every-other-year on-site reviews for the overall monitoring and evaluation of Part B and State General Funds by the SILC and IL program manager from the DSU;
- public hearing procedures with an emphasis placed on consumer input; and
- satisfaction surveys distributed and tabulated annually. Results are provided to the CILs and SILC to be used to assist independent living programs to improve, change, or support center activities.

Planning

The SPIL serves as the primary planning document for IL in the state. The SPIL development process includes the DSU and the SILC. Development of a draft is completed and is then submitted for public comment at hearings around the state.

Promising IL Program Practices Identified by MVR and Stakeholders During the Review Process

RSA's review process solicited input from MVR and stakeholders about promising practices. The following promising practices were identified:

1. Future Leaders

The SILC maintains a youth member (age 18-28) on the SILC. If the youth member ages out and continues on the SILC, another member meeting the age criteria is recruited when a vacancy occurs. This practice serves to develop future leaders and aids in succession planning.

IL Program Technical Assistance Provided to MVR During the Review Process

RSA provided IL program technical assistance to the DSU during the review process regarding:

- the review of policies and procedures related to responsibilities of DSU staff and the SILC in monitoring the implementation of the SPIL; and
- the roles and responsibilities of SILC members.

Observations of DSU and Its Stakeholders about the Performance of the IL Program

RSA solicited input from DSU and a wide range of its stakeholders about the performance of the IL program. The DSU and its stakeholders shared the following observations regarding:

- there is a lack of service provision in the rural areas of the state; and
- there is positive collaboration among CILS, SILC and MVR.

RSA discussed the observations of the stakeholders with MVR and addressed as many 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 MVR about those observations. MVR responded to each of the recommendations and in those instances when RSA and MVR agreed upon a recommendation, RSA and MVR identified the technical assistance that RSA would provide to MVR to successfully implement the recommendation.

1. Delineation of Roles

Observation: The MT DSU, CILs and SILC work in a highly collaborative manner to provide independent living services to persons with disabilities in the state. However, though not impermissible by federal statute or regulations, the DSU is performing activities that would best be carried out by the SILC. For instance, the IL program manager records minutes of SILC meetings. The program director also assembles the SILC's yearly report on the IL program that is shared with the State Legislature. These are activities that are more appropriately conducted either by SILC staff or a DSU staff member assigned to provide administrative support services. The DSU manager's involvement in performing such SILC activities undermines the SILC's autonomy and creates a potential conflict of interest.

Recommendation 1: RSA recommends that the DSU and the SILC clearly identify and assign to the SILC those activities that will enhance the SILC's independence and avoid a potential conflict of interest, while ensuring that each party continues to fulfill its federally mandated functions.

Agency Response: The SILC and the SILC Executive Committee are conducting a review of SILC responsibilities delegated to the DSU program manager to ensure that the multiple responsibilities of the program manager and potential for conflict of interest do not have an impact on actions and outcomes that are the responsibility of the SILC. Documents that are presented as SILC documents are reviewed by the SILC and/or the SILC Executive Committee prior to the documents being officially released as SILC documents. The SILC recognizes that the delegation of duties to the program manager may change based on the SILC's decisions, and different procedures may be instituted by the SILC.

TA: MVR may request TA.

CHAPTER 5: INDEPENDENT LIVING FOR OLDER INDIVIDUALS WHO ARE BLIND PROGRAM

Agency Information and Performance

In FY 2007, the OIB program served 635 individuals directly through agency staff.

**Table 5.1:
OIB Program Highlights for BLVS for FY 2006 and FY 2007**

Data Elements	2006	2007
Expenditures: Title VII, Chapter 2	230,259	254,718
Expenditures: Total (including Chapter 2)	255,259	279,718
Performance: Total Older Individuals who are Blind Served	595	635
Staffing: Total FTEs	10.00	10.00
Staffing: Total FTEs with Disabilities	3.00	4.00

OIB Program Administration and Service Delivery

MVR receives \$254,718 in Title VII Chapter 2 funds to provide direct services to consumers. MVR receives an additional \$25,000 in funds from the State for services to consumers. Services are provided by office-based and itinerant MVR staff. OIB consumers report disabilities in two major areas: macular degeneration and diabetic retinopathy.

Personnel

MVR employs four individuals with disabilities that work with the OIB Program. Since MVR has extreme difficulty recruiting Orientation and Mobility specialists, a plan was initiated to hire individuals with a bachelor degree in a related field as a trainee and provide training to bring them to certification standards. One employee is in the second year of training for Orientation and Mobility certification.

Data Management

MVR staff participated in the development of the electronic case management system. The system not only allows for data entry for the RSA-7-OB, but includes other aspects of the case such as the OIB plan for services and case journals. The case management system provides a systematic process for maintaining case information, sharing between the service teams and streamlined case management.

Quality Assurance and Planning

MVR sets annual goals in its RSA-7OB report and continuously monitors progress toward reaching the stated goals.

OIB Program Technical Assistance Provided to MVR During the Review Process

RSA provided OIB program technical assistance to MVR during the review process regarding:

- the clarification of reporting requirements in the RSA-7OB data collection instrument; and,
- impediments to service provision, primarily in the area of transportation, and methods to alleviate costs associated with providing in-home services.

Observations of MVR and Its Stakeholders about the Performance of the OIB Program

RSA solicited input from MVR and a wide range of its stakeholders about the performance of the OIB program. MVR and its stakeholders shared the following observations:

- the program is limited in scope; and
- increase fuel costs limit the ability of MVR to provide services.

APPENDIX: SOURCES OF DATA**VR and SE Program Highlights**

- Total funds expended on VR and SE – RSA-2 line I.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 supported employment 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”