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

U.S. DEPARTMENT OF EDUCATION

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

REHABILITATION SERVICES ADMINISTRATION

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Contents

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 Oregon (OR):

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

In OR, the OR VR Services (OVRS) and the OR Commission for the Blind (OCB) administer these programs.

RSA's review began in the fall of 2007 and ended in the summer of 2008. During this time, RSA's OR's 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, and stakeholders to share information, identify promising practices, compliance findings and areas for improvement;
- provided technical assistance (TA) during the review process;
- identified promising practices;
- recommended that OVRS and OCB undertake specific actions to improve their performances;
- required OVRS and OCB to take corrective actions in regard to compliance findings; and
- in collaboration with OVRS and OCB, identified TA that would be helpful to improve their performances or correct compliance findings.

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

OVRS

Strengths:

- OVRS uses quantitative data analysis to inform many areas of agency operations, including data based decision-making as part of its management practices.
- OVRS' data management system that incorporates fiscal and program operations and addresses customer services.
- Collaboration between OVRS and the SILC director regarding the IL program.
- The relationship between OVRS and the IL community partners that has contributed to an increase of funding for the IL program.

Challenges:

- Serving transition-age youths with more significant disabilities in the Youth Transition Program (YTP).
- Enhancing communication with field staff on the agency's mission and program goals;
- Strengthening the relationship between OVRS and the SRC through role clarification and increased collaboration;
- Improving oversight of OVRS service provider contracts and payment procedures for processing invoices for goods and services;
- Strengthening the fiscal management system based on areas identified in the fiscal audit; and
- Tracking and appropriately allocating grant part B IL funds.

OCB

Strengths:

- OCB's assistive technology (AT) center enables OCB to assess and accommodate individuals' AT needs and ensures the timely provision of AT services.
- Improvements in OCB's fiscal systems.

- Collaborative relationships have been established among the OIB leadership, the SILC, and other stakeholders.

Challenges:

- Increasing the focus on competitive employment outcomes and reducing homemaker outcomes.

- Providing periodic updates to field staff on OCB's vision and goals.

- Improving cost allocation procedures to ensure that costs are allocated to the appropriate grant program and establishing internal controls to assure the procedures yield accurate results;

- Revising third-party arrangements to ensure they identify performance goals and fiscal requirements and providing oversight of submitted invoices.

- Strengthening internal controls for contract administration.

- Developing consistent policies and procedures for the OIB program.

- Developing new approaches to expand OIB services to meet the needs of the growing aging population.

INTRODUCTION

Section 107 of the Act requires the commissioner of RSA to conduct annual reviews and periodic on-site monitoring of programs authorized under Title I of the Act to determine whether a state VR agency is complying substantially with the provisions of its State Plan under section 101 of the Act and with the evaluation standards and performance indicators established under section 106. In addition, the commissioner must assess the degree to which VR agencies are complying with the assurances made in the 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 independent living outcomes;
- recommends that 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.

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

OR has two agencies that provide VR services to individuals with disabilities. OVRS serves individuals with disabilities, except those who are legally blind; is administratively organized under the Department of Human Services (DHS); and shares joint responsibility for the administration of the IL program with OCB. OVRS services are provided at 56 locations throughout OR. These include 34 field and satellite offices, multiple single-employee outstations in one-stop career centers, educational centers, and other human services agencies. The 34 field and satellite offices are located in: Albany, Astoria, Baker City, Bend, Central Portland, Clackamas, Coos Bay, Corvallis, Dallas, East Portland, Gold Beach, Grants Pass, Hermiston, Klamath Falls, La Grande, Marion/Polk, McMinnville, Medford, Newberg, Newport, North

Portland, North Salem, Ontario, Pendleton, East Springfield, Roseburg, Salem Rehabilitation Hospital, Santiam Center, St. Helens, Tillamook, the Dalles, Washington County, West Eugene and Woodburn.

OCB serves eligible individuals who are legally blind; functions as a separate Commission; is responsible for the OIB program and shares joint responsibility with OVRS for the administration of the IL program. OCB has seven field offices and satellite offices throughout the state located in separate facilities, business centers, the School for the Blind, the Lions Sight and Hearing Foundation and single employee outstations. The seven locations are Portland, Salem, Eugene, Roseburg, Medford, Lincoln City, and Bend.

Appreciation

RSA wishes to express appreciation to the representatives of the DHS, OVRS, OCB, the OCB Board of Commissioners, the SRC, SILC, and the stakeholders who assisted the RSA monitoring team in the review of OVRS and OCB.

CHAPTER 1: RSA'S REVIEW PROCESS

Data Used During the Review

RSA's review of OVRS and OCB began in the fall of 2007 and ended in the summer of 2008. RSA's data collections are completed 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 this time, RSA's OR 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, and stakeholders to share information, and identify promising practices and areas for improvement;
- provided TA during the review process;
- identified promising practices;
- recommended that OVRS and OCB undertake specific actions to improve their performances;
- required OVRS and OCB to take corrective action in response to compliance findings; and
- in collaboration with OVRS and OCB, identified TA that would be helpful to improve their performances or correct compliance findings.

RSA OR State Team Review Participants

Members of RSA's OR state team included representatives from each of the five functional units within RSA's State Monitoring and Program Improvement Division. The RSA OR state team was led by RSA's state liaison to OR, Fred Isbister (TA Unit) and the following RSA OR state team members: Jessica Smith (VR Unit), William Bethel (Fiscal Unit), Steven Zwillinger (Data Unit) and Sean Barrett (IL Unit).

Information Gathering

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

- conducted four teleconferences with VR and IL stakeholders beginning in November, 2007;
- conducted four teleconferences with the OVRS and OCB management beginning in November, 2007;
- conducted four teleconferences with OVRS IL program staff, SILC members and administrative staff, and OIB staff; and
- conducted an on-site monitoring visit from February 4 through February 15, 2008, during which team members met with staff of OVRS and OCB, the Client Assistance Program and the Protection and Advocacy of Individual Rights program (PAIR), and members of the SILC and SRC.

CHAPTER 2: OVRS VR AND SE PROGRAMS

Agency Information and Performance

As shown in Figure 2.1, OVRS served 8,456 individuals and successfully rehabilitated 2,871 individuals in FY 2007. Of those who were successfully rehabilitated, 121 achieved a SE outcome. Over the past five years, the number of OVRS' employment outcomes has increased by 154 individuals or 5.67 percent (2,717 individuals in FY 2003 to 2,871 individuals in FY 2007). The number of new applicants has decreased by 474 individuals or 4.57 percent from FY 2003 to FY 2007. Additionally, the number of individuals served has also decreased from FY 2003 to FY 2007. In FY 2003, OVRS served 9,367 individuals, while in FY 2007 the number of individuals served decreased by 911 or 9.73 percent.

Figure 2.1 Trends 2003 – 2007

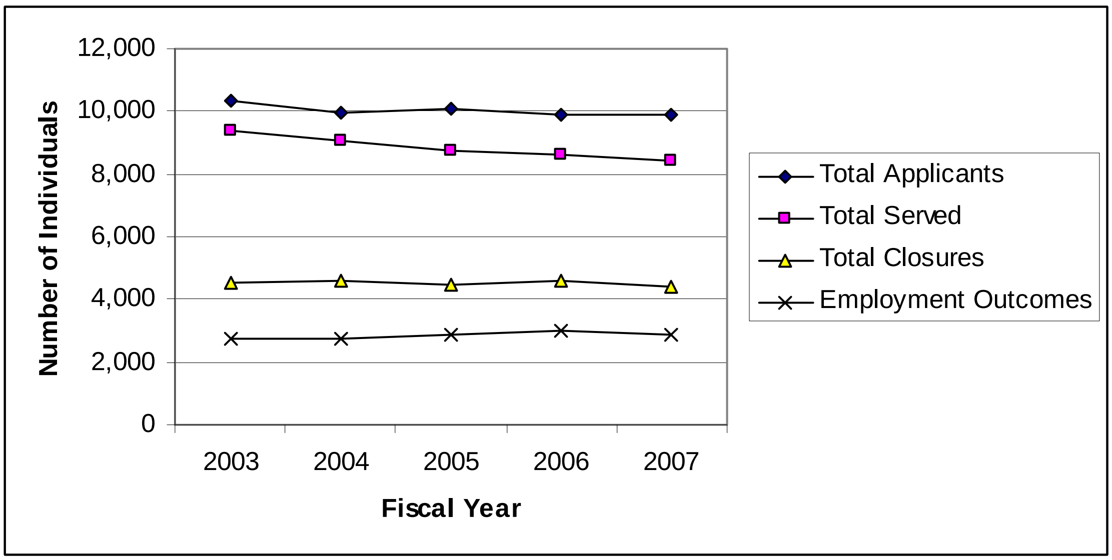


Table 2.1 provides fiscal and program data for FY 2003 through FY 2007. These data provide an overview of the VR program's costs, outcomes and efficiency. The table identifies the amount of funds used by the agency, the number of individuals who applied, and the number who received services. It also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

Table 2.1 VR and SE Highlights for OVRS for FY 2003 through FY 2007

Data Elements	2003	2004	2005	2006	2007
Total funds expended on VR and SE	$36,626,620	$34,594,501	$40,761,921	$36,124,969	$43,352,353
Individuals' cases closed with employment outcomes	2,717	2,725	2,871	2,984	2,871
Individuals' cases closed without employment outcomes	1,829	1,871	1,580	1,583	1,540
Total individuals' cases closed after receiving services	4,546	4,596	4,451	4,567	4,411
Employment rate	59.77	59.29	64.50	65.34	65.09
Individuals whose cases were closed with supported employment outcomes	49	68	79	140	121
New applicants per million state population	2,578.65	2,459.33	2,511.81	2,371.08	2,384.27
Average cost per employment outcome	$2,348.19	$2,751.87	$2,998.14	$3,108.43	$3,140.85
Average cost per unsuccessful employment outcome	$1,977.05	$2,339.62	$2,442.90	$2,706.03	$2,497.02
Average hourly earnings for competitive employment outcomes	$9.77	$10.04	$10.19	$10.18	$10.66
Average state hourly earnings	$16.56	$16.98	$17.53	$18.08	$18.81
Percent average hourly earnings for competitive employment outcomes to state average hourly earnings	59.00	59.13	58.13	56.31	56.67
Average hours worked per week for competitive employment outcomes	30.98	30.45	30.84	30.07	30.17
Percent of transition-age youths served to total served	17.05%	17.17%	17.19%	19.31%	18.70%
Employment rate for transition-age youths served	62.45	61.85	64.97	67.80	68.36
Average time between application and closure (in months) for individuals with competitive employment outcomes	14.8	15.9	15.4	15.1	11.1

VR and SE Service Delivery

OVRS provides the majority of its VR services through its VR counselors and specialists. In addition to internal service delivery, OVRS contracts with CRPs to provide medical evaluations, assessments of functional limitations, job development and on-site job coaching for individuals achieving VR or SE employment outcomes. OVRS maintains an active database of 248 qualified CRPs. The agency uses this database to determine which CRP it will utilize to provide services to each individual. OVRS updates this database every two years to maintain the currency of the pool of qualified CRPs.
OVRS provides services to transition-age youths both internally through its own VR counselors as well as through third-party cooperative arrangements with local school districts through the YTP. The YTP places transition specialists in high schools that serve as liaisons between the special education staff and VR to assist transition-age youths through a 12-month curriculum. The YTP specialists provide prevocational services including: information and referral, job coaching, job clubs, college preparation, mentoring, career exploration, job shadowing, resume writing, and community transitioning. In addition, they develop relationships with employers in the community.

In FY 2006, of the total population OVRS served, 19 percent were transition-age youths. In that same year, 598 transition-age youths achieved an employment outcome, 100 percent of which were competitive employment outcomes. This is slightly higher than the national average (98 percent) and the peer agency[1] average (99 percent) for transition-age youths achieving competitive employment outcomes. However, 85 percent of the transition-age youths who attained a competitive employment outcome in FY 2006 had a significant disability as compared with the national average of 95 percent and the peer average of 93 percent.

OVRS served 387 individuals in SE in FY 2006 and 363 individuals in FY 2007. These numbers represent individuals whose cases have been closed and those whose cases remained open during the federal fiscal year, and included individuals who had a primary disability of autism, cerebral palsy, congenital conditions or intellectual disabilities. In FY 2006, 4.7 percent of individuals receiving services achieved successful SE outcomes, while the national average was nine percent and the peer average was five percent. OVRS' successful SE outcomes have increased from 1.4 percent in 2002 to 4.7 percent in 2006.

OVRS counselors assist individuals under the SE program to select job goals, fund providers for job coaching services and assist program participants acquire competitive employment. Each program participant's IPE addresses the extended services necessary for the achievement of an SE outcome, and VR counselors work closely with the nonprofit brokerage providers[2] for the

[1] RSA compared the outcomes of OVRS with comparable states in terms of grant size and population size. The peer agencies were Arkansas, Colorado, Kansas and Utah.
[2] The brokerage providers are CRP staff who arrange for SE extended services through the Medicaid waiver authority. Not all individuals with significant disabilities are eligible for these Medicaid brokerage services. Litigation on this issue in OR resulted in the Staley Settlement, which is phasing out the wait list of the brokerage system.

provision of extended services. By June 30, 2009, all individuals will be eligible for extended services support in OR.

OVRS has established specific service initiatives, described below, that further support VR and SE service delivery and promote the agency's overall goal to increase the numbers of quality employment outcomes for persons with disabilities.

- The Enhancing Employment Outcomes program focuses on competitive employment outcomes for individuals with disabilities and trains VR counselors to address motivational issues with individuals receiving services from OVRS.

- The Work Incentives Network (WIN) program provides benefits counseling to individuals with disabilities. There are ten WIN benefits counselors who are located in CILS throughout the state. From October 2007 through December 2007, the WIN coordinators served 300 people and began developing PASS plans (Plan to Achieve Self-Support).

- The Individualized Placement and Support (IPS) program, an evidenced-based SE program, focuses on people with psychiatric disabilities and assists individuals to obtain competitive employment with earnings equivalent to at least the minimum wage. Currently, there are 14 sites in the state. OVRS partners with the Center for Excellence that provides technical assistance, training, program evaluation and quality assurance to the 14 sites.

- The Self-Employment program assists individuals to achieve self-employment by partnering with micro-business development organizations and resulted in 55 successful self-employment outcomes in FY 2006.

Personnel

OVRS has 228 employees in the following categories:

- 119 VR counselors and VR counselor specialists;

- 66 human services assistants and office specialists;

- 14 branch managers;

- 2 field service managers;

- 18 administrative program staff;

- 3 administrative support staff; and

- 6 field program staff.

Currently, OVRS has seven vacancies in the following areas:

- 4 VR counselors;
- 1 field service manager; and
- 2 human service assistants.

OVRS utilizes the OR Administrative Rule (OAR) 436-120-0830 for the standard for qualified VR counselors under the requirements for the comprehensive system of personnel development (CSPD). The standard is based on the Workers' Compensation Division standards for Certified Disability Management Specialist (CDMS). However, OVRS tries to exceed this standard by recruiting VR counselors with more extensive credentials. Within OVRS, there are 38 VR certified rehabilitation counselors (CRC), 85 VR counselors with master's degrees, and 31 with bachelor's degrees with additional disability training provided by the state. Four are currently enrolled in graduate programs and expected to meet the CSPD standard in the near future.

Data Management

OVRS has a well-developed management information system (MIS) that integrates data usage into many areas of its operations. Staff have access to data and data systems and counselors demonstrated a high degree of comfort in using the case management system to generate reports to assess and evaluate performances. The MIS case management system is highly customized but lacks verification. The documentation of expected results from the MIS sub-system to ensure the sub-system is accurate has not been established.

Quality Assurance (QA)

OVRS has an extensive QA system for reviewing caseloads and service records. OVRS is able to assess individuals' disabilities, services provided, impediments to successful rehabilitation and the agency's response to these impediments. There is a QA team that focuses on the agency meeting its goals. The QA team provides support to counselors, field offices, and management and trains staff based on discrepancies in the agency's performance in meeting its goals. The QA staff also conducts internal audits of business operations and reviews service records from fiscal and contractual perspectives. If a performance issue is identified during a quality assurance review, all records with similar characteristics are also reviewed to target program improvements. The QA team is divided into programmatic and fiscal components and has the common goal to improve performance.

Planning

In developing the State Plan, OVRS seeks input from the SRC, the Client Assistance Program, OVRS staff and individuals with disabilities. OVRS assembles staff work groups to complete each State Plan attachment. OVRS contracted with Program and Policy Insight, LLC (PPI) to conduct the FY 2008 comprehensive needs assessment (CNA). The CNA was completed and a final product was published in December 2007. As part of the CNA, PPI conducted satisfaction surveys of staff and program participants. The needs assessment survey provided information on what clients believed to be their service needs and whether those needs were being met. A parallel survey was conducted for staff. The surveys showed that OVRS was meeting clients' service needs. OVRS partnered with the SRC to conduct an additional client satisfaction survey that yielded 371 completed surveys, reflecting an 80 percent response rate, while the staff survey yielded 166 completed surveys, reflecting a 73 percent response rate. OVRS used the results of the surveys and the CNA to develop its State Plan.

OVRS has a plan for its Competitive Employment Project called "A Blueprint for Change." This document outlines the initiatives funded by this Medicaid infrastructure grant. While the Blueprint for Change is a thorough plan for the Competitive Employment Project initiatives, it is does not address other program areas.

VR and SE Programs TA Provided to OVRS During the Review Process

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

- developing measurable goals for the State Plan;
- accepting SE applicants for services; and
- strategies for bringing third-party cooperative arrangements into compliance, including guidance on developing the waiver of statewideness for the YTP program.

The RSA team will follow up on the TA that OVRS requested in the following areas:

- working on a data-driven approach to develop a policy for IPE timelines; and
- providing TA regarding best practices.

Observations of OVRS and its Stakeholders about the Performance of the VR and SE Programs

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

- concern about OVRS serving individuals with significant disabilities, especially in the YTP program;
- the lack of statewideness of the YTP program;
- the DSU's organizational location within the DSA;

- communication and collaboration between OVRS and the SRC;
- communication between OVRS and the Client Assistance Program;
- communication between OVRS upper management and the field staff; and
- the degree to which the State Plan effectively tracks OVRS' strategic goals and priorities.

RSA discussed the observations of its stakeholders with OVRS 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 OVRS about those observations. OVRS responded to each of the recommendations and in those instances when RSA and OVRS agreed upon a recommendation, RSA and OVRS identified the TA that RSA would provide to OVRS to successfully implement the recommendation.

1. Services to Individuals with Significant Disabilities

Observation: As shown in Table 2.2, between FY 2002 and FY 2007, the performance of OVRS on Indicator 1.4 (the percentage of individuals with competitive employment outcomes who had a significant disability) has decreased over 13 percent.

Table 2.2 Selected Performance Measures Involving Persons with a Significant Disability

OVRS	2002	2003	2004	2005	2006	2007
Number closed with competitive employment with a significant disability	2,535	2,587	2,522	2,584	2,529	2341
Number closed with competitive employment	2,642	2,703	2,637	2,795	2,981	2827
Percent closed with competitive employment with a significant disability	95.95%	95.71%	95.64%	92.45%	84.84%	82.81%

During the on-site review, OVRS staff indicated that this decrease might be the result of errors in the coding of individuals' disabilities within the agency's management information system (MIS). Subsequent to the on-site review, OVRS staff verified that the MIS had the definition of severely disabled incorrectly defined. OVRS believes this is why its outcomes in this area have decreased but it was not able to revise incorrect data. OVRS corrected the error but this correction will only impact outcome data from this point forward. OVRS acknowledged that it would examine this data element as the new data outcomes become available to assess if the above-identified downward trend is reversed.

Recommendations:

1.1 Conduct semi-annual data reviews to assess its performance on Indicator 1.4.

1.2 If the downward trend noted above is accurate, identify the cause of the decrease and implement strategies to reverse this trend.

Agency Response: OVRS accepts RSA recommendations. It will monitor the performance on Indicator 1.4 and take appropriate action in the event of a decrease in performance.

TA: OVRS does not request TA.

2. Services to Students with Significant Disabilities through the YTP

Observation: Through the YTP, OVRS serves a less significantly disabled population than the general OVRS population. During the review, staff of the YTP program discussed with RSA that approximately 70 percent of the individuals in the YTP program are individuals with learning disabilities. The staff of the YTP program acknowledged that the program should be serving more diverse populations with significant disabilities.

Recommendations:

2.1 Assess the training needs of YTP staff in terms of serving individuals with more significant disabilities and provide this training to assist the YTP staff in serving these new populations.

2.2 Monitor the intake process of YTP staff to ensure that a higher percentage of individuals with significant disabilities are served through the program.

2.3 Establish and monitor YTP outcome goals to ensure the program serves an increased number of individuals with significant disabilities.

Agency Response: OVRS accepts RSA's recommendation on this observation.

TA: OVRS does not request TA.

3. OVRS Communication

Observations

- The OVRS field staff requested more dialogue regarding the agency's implementation and progress on new initiatives. The staff stated that they become aware of pilot projects when they begin, however, they would appreciate updates on the progress of these pilots to understand the progress of new initiatives. Providing field staff with this information may have a positive impact on their adoption system wide.

- During the review, the SRC expressed concern regarding its timely involvement in OVRS' policy development and expressed a desire for improved communication with OVRS leadership. As an example, the SRC stated that they were not involved in the early decisions regarding the timeline policy of 180 days for the development of IPEs. The SRC believes that earlier involvement with policy development will make them a more effective partner with the agency.

Recommendations:

3.1 OVRS leadership communicates with field staff on the progress of new initiatives;

3.2 OVRS and the SRC clarify the roles and responsibilities of the SRC in the development of OVRS policies, establish clear procedures for the timely involvement of the SRC in the process, and communicate more frequently.

Agency Response: OVRS accepts recommendation 3.1. It has begun to address the issues identified in recommendation 3.2 by instituting monthly meetings with the SRC chair and developing a timeline for deadlines.

TA: OVRS does not request TA.

4. Timelines for Development of the IPE

Observations: OVRS' written policies establish a timeline of 180 days for the development of the Individualized Plan for Employment (IPE). This timeline is much longer than the actual average length of time that is needed by OVRS counselors to develop IPEs, and twice as long as most VR agency's established timeline for IPE development.

- In FY 2006, the average length of time for OVRS' counselors to develop IPEs was 100 days.

- In FY 2006, 86 percent of all applicants for whom IPEs were developed had these IPEs developed within 60 days. Over 93 percent had IPEs developed within 90 days.

- OVRS data for FY 2006 indicate that of the 4,567 individuals for whom IPEs were developed, only 26 individuals had IPEs developed after 180 days.

- In March 2006, RSA conducted a study of the written policies of the timelines for IPE development by VR agencies. RSA determined that of the 65 agencies that have established written policies that include timelines, 40 (62 percent) require that individual IPEs be developed within 90 days or less subsequent to the determination of eligibility.

Table 2.3 FY 2006 OVRS Timeline for the Development of IPEs

60 days	90 days	180 days	
86%	7%	6.5%	0.5%

93%		0.5% of IPEs are completed over 180 days, which represents one in one thousand.
99.5%		

Recommendation 4: Reduce the timeline for IPE development established in written policy based on current practice.

Agency Response: OVRS declines RSA's recommendation. During RSA's monitoring visit, OVRS presented data that provided a more in-depth analysis of time to plan based on disability group. OVRS has not yet conducted an analysis of the relationship of time to IPE as it relates to rehabilitation rate among other issues. Once it concludes its analysis, it will revisit this issue.

TA: OVRS does not request TA.

5. Quality Assurance

Observations

- OVRS has an extensive QA process for reviewing caseloads and service records. The process is individual-centered and identifies the disabilities of the program participants, the services provided, the impediments to a successful rehabilitation process exist, and how the agency responds to these impediments to achieve success. The QA process focuses on the quality of the VR process.

- The QA team provides business support to counselors, field offices, and management to ensure that vocational rehabilitation is provided in the most technically correct and appropriate fashion.

- The QA team conducts internal audits of business operations and reviews case files from a fiscal and contractual perspective. It is a well-organized and integrated approach to ensuring clients needs are addressed with a high level of accuracy and accountability.

- If a performance issue is identified during a QA review, all service records with similar characteristics (whether counselor or services) are also reviewed.

- The QA team is divided in two parts, programmatic and fiscal, and provides complementary skills in assessing and interpreting information.

- The QA process was cited by the Client Assistance Program for its rich contextual information that allows the Client Assistance Program to understand clients' histories and needs.

- The QA process does not extend to other components of OVRS' service delivery system that would benefit from it, e.g., CRP performance, evaluating State Plan strategies, determining the cost effectiveness of agency services.

- OVRS employs individuals with program expertise and individuals with fiscal expertise in its QA unit. OVRS has not provided the fiscal staff within this unit a wide range of training that would enable them to engage in a wider variety of QA activities, such as developing performance standards for CRPs.

- OVRS did not prepare expected results for their Management Information System (MIS) subsystem testing. In general, system and subsystem testing compares the test results to predetermined expected results. If the test result matches the expected result, the test worked and the subject being tested passes. If the test result does not match the expected result, the subject of the test does not pass. As a result of not preparing expected results, when OVRS views the test results (the test MIS reports), OVRS cannot determine if the results are correct. There is no 'answer key' against which to measure the accuracy of the results.

Recommendations:

5.1 Expand the focus of QA staff to additional areas within OVRS. These additional areas may include system testing, contracting, organizational effectiveness and efficiency, agency outcomes and the degree of alignment between the OVRS VR State Plan and agency outcomes.

5.2 Provide additional training to its fiscal staff to improve their ability to perform an expanded range of high-level QA functions.

5.3: Prepare expected results for MIS subsystem testing and compare test results to the expected results to determine if the system meets the specifications.

Agency Response: OVRS accepts recommendation 5.1 and requests TA to accomplish this. OVRS accepts recommendation 5.2 and staff are scheduled to attend the RSA Data/Fiscal Training Conference in August, 2008. OVRS accepts recommendation 5.3 and requests TA to accomplish this.

TA: OVRS requests TA. OVRS staff will participate in the RSA Data/Fiscal Training Conference in August 2008. RSA will work with OVRS in FY 2009 to expand the focus of QA staff and to prepare results for the MIS subsystem testing and compare results.

VR and SE Compliance Findings and Corrective Actions

RSA identified the following compliance finding and corrective action that OVRS is required to undertake. OVRS 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 OVRS.

Finding 1: Third-Party Cooperative Arrangements

Legal Requirement: Agencies entering into third-party cooperative arrangements must comply with the requirements of 34 CFR 361.28, which reads as follows:

(a) The designated State unit may enter into a third-party cooperative arrangement for providing or administering vocational rehabilitation services with another State agency or a local public agency that is furnishing part or the entire non-federal share, if the designated State unit ensures that--
(1) The services provided by the cooperating agency are not the customary or typical services provided by that agency but are new services that have a vocational rehabilitation focus or existing services that have been modified, adapted, expanded, or reconfigured to have a vocational rehabilitation focus;
(2) The services provided by the cooperating agency are only available to applicants for, or recipients of, services from the designated State unit;
(3) Program expenditures and staff providing services under the cooperative arrangement are under the administrative supervision of the designated State unit; and
(4) All State Plan requirements, including a State's order of selection, will apply to all services provided under the cooperative program.
(b) If a third-party cooperative agreement does not comply with the statewideness requirement in §361.25, the State unit must obtain a waiver of statewideness, in accordance with §361.26.

Finding: OVRS enters into third-party cooperative arrangements with local school districts to provide transition services through its YTP. Many of the provisions of the written agreements establishing these arrangements are standardized; thus, RSA reviewed one agreement - the Bethel School District 52 –to determine if the arrangements are in compliance with the provisions of 34 CFR 361.28.

Based on its review of the written agreement with the Bethel School District, along with information gathered from agency and school district personnel, RSA finds that OVRS is in compliance with the provisions of 34 CFR 361.28, except as follows:

The regulations require that "the services provided by the cooperating agency are not the customary or typical services provided by that agency but are new services that have a vocational rehabilitation focus or existing services that have been modified, adapted, expanded, or reconfigured to have a vocational rehabilitation focus." (34 CFR 361.28(a)(1)) Through interviews with YTP staff and review of the Bethel document, RSA has concluded that the YTP transition specialists in practice provide a service above and beyond the level of transitioning services typically provided for by schools as required under the Individuals with Disabilities Education Improvement Act (IDEA). Although OVRS is in compliance with 34 CFR 361.28(a)(1) in the conduct of the YTP, the written agreements do not clearly address this requirement. The agreements must be revised to make clear that the services provided are those that have been modified, adapted, expanded or reconfigured to have a VR focus.

The regulations at 34 CFR 361.28(a)(2) require that "the services provided by the cooperating agency are only available to applicants for, or recipients of, services from the designated State unit." Through discussions with YTP staff, RSA learned that some students who are not yet applicants for VR services are being served through YTP. Additionally, the Bethel School District 52 Agreement states that students participating in YTP must be "eligible for OVRS services and not on an OVRS wait list" (page 6 of agreement). The language in the Bethel Agreement restricts eligibility for the YTP program to those individuals who have been determined eligible for the VR program. This is more restrictive than the federal regulations allow. Individuals who are VR applicants are also eligible to participate in the YTP. Therefore, neither in the conduct of the YTP, by serving individuals who are not yet applicants for VR services, nor with respect to the more restrictive language of the written agreements, is OVRS in compliance with 34 CFR 361.28(a)(2).

Furthermore, the Bethel Agreement also states, "Notwithstanding the above eligibility requirements, DHS and [the school] District acknowledge and agree that students who are not eligible for OVRS services may participate in YTP activities. [The school] District will not count those students when reporting on [the school] District's performance under this Agreement" (page 7 of agreement). This language indicates that the YTP is serving students who have been determined not eligible for VR services. If the schools want to serve students who are not VR applicants or students who have been determined not eligible for VR services, the schools have that option so long as the school districts do not count the time or other resources spent on those students as part of the 1/3 non-federal share under the cooperative agreements. Similarly, the state VR agency could neither use Title 1 funds to serve such students, nor consider the costs of serving such students paid with non-federal funds in the state VR agency's efforts to comply with the matching requirements under 34 CFR 361.60. These students would have to be served outside of the parameters of the third-party cooperative arrangements. The language of the written agreement also is not consistent with the requirement found at 34 CFR 361.28(a)(2), and must be revised.

Finally, the regulations state that "if a third-party cooperative agreement does not comply with the statewideness requirement in §361.25, the State unit must obtain a waiver of statewideness, in accordance with §361.26" (34 CFR 361.28(b)). Pursuant to 34 CFR 361.25, "The State Plan must assure that services provided under the State Plan will be available in all political subdivisions of the State, unless a waiver of statewideness is requested and approved in accordance with §361.26." Through its review, RSA found that there are 226 public schools in OR. The YTP services exist in only 114 of the schools in OR. The YTP services are not available in all political subdivisions of OR. Thus, the YTP does not meet the statewideness requirement.

Corrective Action 1: To ensure that OVRS is in compliance with the provisions of 34 CFR 361.28, the agency must revise its written agreements through which it operates the YTP with local school districts to include the information/language below.

- The language in the third-party cooperative arrangement documents must be clarified to accurately describe how the services provided by the third-party agency are new or modified with a VR focus. Such revisions should include the scope of services provided by each party to the arrangement.

- The language of the cooperative arrangements must be revised to clarify that VR "applicants" are also eligible to participate in the YTP.

- If the schools will serve students who are not VR applicants or students who have been determined not eligible for VR services, OVRS must clarify the language in the arrangements to indicate that these students will be served outside of the parameters of the third-party cooperative arrangements. That is, OVRS must ensure, and the language must indicate, that the school districts do not count the time or other resources spent on those students as part of the 1/3 non-federal share under the cooperative agreements. Additionally, OVRS must ensure, and the language must indicate, that the state VR agency will not use Title 1 funds to serve such students, nor consider the costs of serving such students paid with non-federal funds in the state VR agency's efforts to comply with the matching requirements under 34 CFR 361.60. OVRS should develop and maintain a detailed cost allocation plan to keep track of this separation of funds.

- Through the submission of its FY 2009 VR State Plan, OVRS must request a waiver of statewideness in accordance with 34 CFR 361.26.

CHAPTER 3: FISCAL MANAGEMENT OF OVRS' VR AND SE PROGRAMS

RSA reviewed OVRS' fiscal management of the VR and SE programs. During the review process RSA provided TA 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 SF-269 report. The carryover data are taken from the unobligated balance of the federal funds portion of the fourth quarter Financial Status Report (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 OVRS for FY 2003 through FY 2007

Fiscal Year	2003	2004	2005	2006	2007
Grant Amount	26,027,607	27,284,442	27,898,425	29,107,057	28,998,533
Required Match	7,044,321	7,384,480	7,550,654	7,877,768	7,848,396
Federal Expenditures	26,027,607	27,284,442	27,898,425	29,107,057	28,998,533
Actual Match	7,044,321	7,384,480	7,550,654	7,877,768	7,848,396
Over (Under) Match	0	0	0	0	0
Carryover at 9/30 (year one)	3,849,661	4,748,449	0	0	0
Program Income	95,094	113,163	610,037	19,660	1,470,340
MOE	6,775,355	7,047,909	7,044,321	7,384,480	7,550,654
Administrative Costs	2,086,824	2,575,769	2,640,316	2,064,258	3,522,554
Total Expenditures*	36,626,620	34,594,501	40,761,921	36,124,969	43,352,353
Percent Admin Costs to Total Expenditures	5.70%	7.45%	6.48%	5.71%	8.13%

*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 reallotment process, or additional grant funds received through the reallotment 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, 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. RSA also reviewed the accuracy of expenditure information previously reported and submitted in financial and program reports.

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).

Fiscal TA Provided to OVRS During the Review Process

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

- discussed the changes in program income levels and what may be causing the fluctuations between fiscal years;
- reviewed its need for an audit which has not occurred in over four years and recommended its inclusion on the next Single audit;
- discussed strategies with the DSU and DSA fiscal staff to improve contract administration and the processing of payments to vendors;
- provided guidance on the proper development of the RSA-2 report;
- reviewed strategies to formalize its fiscal planning process;
- discussed the need to include 100 percent certification of all staff working on only one grant or cost objective, at least twice per year;
- discussed strategies with the quality control staff in regards to certifying the delivery of services delivery before payment is issued; and
- discussed the need to have the organizations involved in third-party arrangements maintain detailed documentation that supports the expenditure of funds under those arrangements.

Observations of OVRS and Its Stakeholders about the Fiscal Management Performance of the VR and SE Programs

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

- There are no written procedures for OVRS' fiscal planning process.
- There are differences between the OR's practices for contracting and federal guidelines.
- There needs to be better tracking of payment of invoices from vendors.

RSA discussed these observations from the agency staff with OVRS and addressed as many of them as possible either directly or by consolidating them into a broader issue area.

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

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

1. Contract Administration

Observation: The OVRS contractual documents to purchase goods and services were reviewed.

- The contracts had inconsistent language as to what documents were necessary for the payment of services.
- OVRS labeled the documents used to engage for services and goods as grants, agreements, and contracts.
- The debarment and suspension certification requirement existed within the contractual documents with a threshold requirement for procurements that exceeded $100,000.

Recommendations:

1.1 Require the same documentation, reports, and/or back-up for similar services and goods to ensure consistency in the agency's process for making invoice payments.

1.2 Label all documents for services or goods as contracts, except for the agency's 3rd Party Cooperative Arrangements, in order to bring consistency to document identification and avoid possible confusion by auditors who may incorrectly believe that OVRS is subgranting funds for services.

1.3 Require persons or organizations contracting with OVRS to certify, before contracting, that they have not been debarred or suspended by a federal, state, or local government entity. Further, make the threshold for this certification to be at the $25,000 level. This is required by the federal government in debarment and suspension certifications.

Agency Response: OVRS accepts all of the recommendations noted above. It should be noted that the OR defines contracts and grants differently then the federal government. OVRS will endeavor over the next year to resolve this to the satisfaction of the state and RSA.

TA: OVRS does not request TA.

2. Process for Paying on Invoices for Services and Goods

Observation 2: RSA reviewed invoices that were paid in support of contracts to provide goods and services. This review indicated that:

- payments of invoices were made upon receipt by OVRS without any certification that services were provided;
- the AT equipment purchased by a contractor to set up an AT library were paid by OVRS without any receipt or invoice from the vendor that provided the number, description, and cost of the equipment; and
- contracts require a report of the activities on the services provided or goods acquired, but invoices were paid without the contractually required reports.

Recommendations:

2.1 Develop a policy of how to certify that services or goods purchased by OVRS for consumers are actually provided to the consumers. This can be accomplished through: a) counselor case notes that document a conversation with the consumer regarding receipt of services or goods; b) the counselor signing off on the invoice before it is paid, which certifies their knowledge that the service was received by the consumer and at the level required in the contract; or c) a written certification from the consumer that the services or goods were received, which could also serve as a consumer satisfaction point of contact. Any established process should include the oversight by a supervisor or manager, who would do spot checks of the documentation of goods and services being received by the consumer.

2.2 Require any contractor who is purchasing any equipment to provide an original vendor receipt. The vendor receipt or billing must include the specifications of the equipment purchased to ensure full contract compliance as to the quality and quantity of the goods purchased.

2.3 Make payments for only those invoices that include all requisite reports or other documentation that services are being properly provided and at the level required for by the contract.

Agency Response: OVRS accepts these recommendations.

TA: OVRS does not request TA.

VR and SE Programs' Fiscal Management Compliance Findings and Corrective Actions

RSA identified the following compliance findings and corrective actions that OVRS is required to undertake. OVRS 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 OVRS.

1. Tracking and Reporting Funds

Legal Requirement: 34 CFR 80.20 Standards for financial management systems states:

(a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

(1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
(2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

Finding 1: During FY 2004, OVRS neither accurately reported their financial activities on the SF-269 reports, nor properly tracked the movement of $4 million in non-federal state match in FY 2004.

During FY 2004, OVRS submitted SF-269s that did not agree with its financial records. OVRS SF-269s reports showed for FY 2004, OVRS was evenly matched. When compared to their financial spreadsheets, the agency was not evenly matched and the figures entered into the SF-269 reports for match did not equal the agency's financial records.

Table 3.2 Comparison of OVRS Final SF-269 Reports With Financial Records

Fiscal Year	Reported Match Per Final SF-269	Actual Match Per OVRS Records	Difference Between Reported Match & Match Per OVRS Records
2004	$7,384,480	$7,170,235.24	($214,244.76)

- For FY 2004, OVRS was evenly matched at the fourth quarter; however, during the 5th, 6th, 7th and 8th quarters of FY 2004 over $200,000 was removed from their non-federal match contribution which resulted in OVRS being $214,244.76 below the match requirement for FY 2004.

- In addition, OVRS reported that during FY 2004 approximately $4 million dollars in state general fund revenue were transferred into the Title I Vocational Rehabilitation account to meet match requirements. On March 3, 2004, there was a transfer of funds of $4 million from the Title I Vocational Rehabilitation account to the state general fund revenue account. OVRS reported that expenditures were made against the $4 million but when the funds were withdrawn, no adjustment was made to the SF-269 reports for FY 2004.

- OVRS is not in compliance with 34 CFR 80.20 (a)(1-2) because of the state agency must be able to: 1) account for grant funds; 2) prepare reports required by this citation and statutes authorizing the grant; and 3) be able to trace funds to the level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes. From the multiple errors in reporting and tracking of funds, RSA could not determine the status of funds for FY 2004.

Corrective Action 1: OVRS must reconstruct its financial records for FY 2004 to determine the correct expenditure levels and submit new SF-269 reports for this fiscal year. When records are reconstructed and new SF-269 reports are submitted, a determination will be made as to whether there are any MOE penalties or unmet match in any affected year that will require a return of federal funds.

2. Fiscal Compliance Findings Involving the OVRS and the OR SILC

Background:
The information provided by OVRS reveals the following fiscal transactions occurred between OVRS and the SILC from FY 2003 to the present:

<u>FYs 2003 & 2004</u>:
OVRS used $225,000 in State-appropriated IL funds to draw down $831,338 of Title I VR funds ($225,000 state match + $831,338 federal funds drawn down = $1,056,338 available for VR services using that match amount). Therefore, $225,000 equals a 21.3% match, which is the required VR match amount. Of this total, OVRS gave the SILC $845,070, which is 80% of the total funds available using the $225,000 match amount.

<u>FYs 2005 through 2009</u>:
OVRS used $500,000 of State-appropriated IL funds to draw down $1,845,000 of Title I VR funds ($500,000 state match + $1,845,000 federal funds drawn down = $2,345,000 available for VR services using that match amount). Therefore, $500,000 equals a 21.3% match, which is the required VR match amount. Of this total, OVRS gave the SILC $1,976,000, which is 84.26% of the total funds available using the $500,000 match amount.

According to the information provided to RSA during our on-site monitoring visit and subsequent to that visit, the SILC, or OVRS through the SILC, disbursed the money in each of the above years to engage in capacity building for the IL network and enter into contracts with the centers for independent living (CILs) to provide what appear to be IL services. The information also makes it clear that the SILC engaged in the following activities:

- solicited and approved program proposals from CILs to operate programs;
- approved payments from invoices received from the CILs;
- received and approved program and financial reports;
- directed the OVRS to develop contracts for which the SILC provides oversight; and
- maintained responsibility for monitoring and approving all requests for release of grant funds.

Legal Requirements:
34 CFR 361.2 of the VR regulations requires that Title I funds be granted to States for use in accordance with their VR State plan (section 101(a) of the Act).

Section 111(a)(1) of the Act and 34 CFR 361.3 of the VR regulations require that Title I funds be used to pay for the costs of providing VR services and the associated administrative costs for providing those VR services.

Section 101(a)(18)(A)(ii)(II).of the Act requires the VR agency to reserve and use a portion of the Title I funds to support the funding of the SILC, consistent with the IL plan submitted pursuant to section 705(e)(1) of the Act and 34 CFR 364.21(i) of the IL regulations. Sections 101(a)(18)(B) and (C) of the Act also require the State VR agency to include a description of how the reserved funds will be used in the VR State Plan and also to submit an annual report of how the funds were actually used during the preceding fiscal year. (See also 34 CFR 361.35 of the VR regulations.)

34 CFR 361.13(c) of the VR regulations makes it clear that the DSU may not delegate certain functions to any other agency or individual. One function, in particular, that may not be delegated by the DSU is the allocation and expenditure of Title I VR funds (see 34 CFR 361.13(c)(1)(iv)).

34 CFR 361.60(b) of the VR regulations makes it clear that non-Federal expenditures *made under the State plan* must satisfy the requirements of 34 CFR 361.60 and 34 CFR 80.24 of EDGAR (emphasis added).

34 CFR 80.24 of EDGAR generally requires that matching requirements be satisfied by allowable costs incurred by the grantee and borne by non-Federal sources. 34 CFR 80.24(b)(3) of EDGAR makes it clear that costs cannot be used to satisfy matching requirements under one grant if they will be used to satisfy the matching requirements under another Federal grant.

Section 705(a) of the Act establishes the SILC (34 CFR 364.21(a)).

Section 705(c) of the Act sets forth the duties for the SILC. In particular, the SILC is responsible for developing and signing the State Plan for Independent Living (SPIL), and then monitoring, reviewing, and implementing the SPIL developed pursuant to the requirements set forth in section 704 of the Act (section 705(c)(1) and (2) of the Act) (34 CFR 364.21(g)).

Section 705(e)(1) of the Act requires the SILC, in conjunction with the DSU, to develop a resource plan sufficient to carry out the SILC functions under section 705 with funds made available under Title VII, Title I (pursuant to section 101(a)(18)), and from other public and private sources (34 CFR 364.21(i)(1)).

Analysis:
Title I of the Rehabilitation Act of 1973, as amended (Act), grants funds to each state to provide services in accordance with its Vocational Rehabilitation (VR) State plan (section 101(a) of the Act and 34 CFR 361.2). As the designated state unit, OVRS is responsible for administering the VR program and the expenditure of Title I VR funds (34 CFR 361.13). The Title I funds must be used for the costs of providing VR services and the associated administrative costs of the VR program (section 111(a)(1) of the Act and 34 CFR 361.3). The only exception to the requirement that Title I funds be used only for VR program purposes is at section 101(a)(18)(A)(ii)(II) of the Act, which requires that OVRS reserve and use a portion of its Title I funds to support the funding of the State Rehabilitation Council (SRC) and the Statewide Independent Living Council (SILC) consistent with their respective resource plans. Section 105(d) sets forth the requirements for the SRC resource plan and section 705(e) sets forth the requirements for the SILC resource plan. Our discussion for purposes of this finding will focus on the SILC since our concern pertains to funds provided to the SILC.

In this case, OVRS has been providing Title I funds to the SILC for the last several years, ranging from $845,070 in FY 2003 to $1,976,000 in FY 2008. Based on the information OVRS provided during RSA’s on-site monitoring visit, as well as subsequent information provided by OVRS, RSA has learned that the SILC expends the Title I funds to engage in capacity building for the Independent Living (IL) network and enters into contracts with the CILs to provide what appear to be IL services. This use of Title I funds is contrary to what we understood OVRS to be proposing in its FY 2008-2010 SPIL, which described the use of Title I funds to enhance the provision of VR services (page 66 of the FY 2008-2010 SPIL). RSA had believed that the SILC and OVRS were proposing to collaborate and develop innovative approaches to enhance the provision of VR services to consumers who also receive IL services. However, in practice, Title I funds are being expended to provide IL services, not VR services. These transactions between OVRS and the SILC are problematic for several reasons, each of which will be discussed separately below.

First, the information provided by OVRS and the SILC makes it clear that the Title I funds at issue are being used in a way that is not authorized under section 101(a)(18)(A)(ii)(II) of the Act. It appears that only a small amount of the Title I funds is being used appropriately to support the SILC resource plan consistent with section 705(e)(1) of the Act, e.g., for administrative support. OVRS should not be entering into agreements with the SILC, under section 101(a)(18)(A)(ii)(II) of the Act, that permit the use of Title I funds for activities other than those that support the SILC's statutory duties and are authorized under the SILC resource plan.

Second, from our review of the information provided by OVRS, we have learned that the SILC has been passing through to the CILs the Title I funds it receives from OVRS to provide what appear to be IL-related services, not VR services. Although OVRS can enter into contracts and cooperative agreements with other State agencies and private entities to provide VR services to eligible individuals (section 101(a)(24) of the Act and 34 CFR 361.28, 361.31 and 361.32 of the VR regulations), it could not engage the SILC as a service provider because the SILC is not an entity that provides direct services to individuals. As indicated above, OVRS could only disburse Title I funds to the SILC under section 101(a)(18)(A)(ii)(II) of the Act to support the SILC's resource plan.

Third, OVRS remains solely responsible for the allocation and expenditure of Title I VR funds (34 CFR 361.13(c)(1)(iv)). During its review, RSA has learned that the SILC has been using the Title I funds it received, among other things, to solicit and approve program proposals from CILs and make payments to the CILs pursuant to invoices received. These activities relate directly to the allocation and expenditure of Title I VR funds and are within the sole domain of OVRS, not the SILC.

Fourth, even if OVRS relied on section 101(a)(18)(A)(ii)(II) as its authority to give the Title I funds to the SILC (i.e., the authority to reserve Title I funds to support the resource plan of the SILC), the SILC could only use these funds through its resource plan to fulfill its duties described in sections 705(c), (d) and (e). Based on the information now provided by OVRS and the SILC, the activities undertaken by the SILC with Title I funds fall outside of the scope of the statutory activities the resource plan is permitted to fund. As mentioned above, the SILC must use any Title I money received pursuant to section 101(a)(18)(A)(ii)(II) to support its resource plan that is developed consistent with the requirements of section 705(e)(1) of the Act and 34 CFR 364.21(i)(1). The resource plan must provide for the resources -- money, staff and personnel -- sufficient to carry out the functions of the SILC under section 705. The resource plan includes the funds the SILC receives under section 101(a)(18) of the Act, Title VII, and from other public and private sources. The SILC functions are set forth at section 705(c), (d), and (e) of the Act and 34 CFR 364.21(g),(h), (i), and (j). They are as follows:

1. develop and sign the IL State plan
2. monitor, review, and evaluate implementation of the IL State plan
3. coordinate activities with the SRC
4. ensure that the SILC meetings are public and sufficient advance notice is provided
5. submit periodic reports to RSA as required by RSA
6. hold hearings and forums as the SILC deems necessary to carry out its functions
7. prepare, in conjunction with the DSU, its resource plan, and
8. supervise and evaluate staff to carry out the functions of the SILC.

The information RSA reviewed indicates that the SILC has been using the Title I funds to engage in capacity building for the IL network and enter into contracts with the CILs to provide what appear to be IL services. The information reviewed reveals that the SILC also engaged in the following activities:

- solicited and approved program proposals from CILs to operate programs;
- approved payments from invoices received from the CILs;
- received and approved program and financial reports;
- directed the OVRS to develop contracts for which the SILC provides oversight; and
- maintained responsibility for monitoring and approving all requests for release of grant funds.

These activities are beyond the scope of the SILC’s duties set forth in section 705 and 34 CFR 364.21(g), (h), (i), and (j) and, therefore, could not be supported by funds from the SILC's resource plan.

Fifth, the information that OVRS provided to RSA via email on October 10, 2008, attempts to characterize the activities performed by the SILC using Title I funds as "innovation and expansion activities." Section 101(a)(18)(A)(i) of the Act requires OVRS to reserve and use a portion of its Title I funds to develop and implement innovative approaches to expand the provision of VR services to consumers under Title I, consistent with the findings of the statewide needs assessment and the goals and priorities outlined by OVRS in its approved State VR plan. OVRS has wide discretion to design the innovation and expansion activities in which it chooses to engage. However, section 101(a)(18)(A)(i) of the Act makes it clear that the activities funded must be used to improve the provision of VR services to VR consumers. The information presented by OVRS repeatedly described the activities being provided with the Title I funds as IL-related activities. Therefore, the IL-related activities engaged in by the SILC with Title I funds do not constitute innovation and expansion activities, as authorized by section 101(a)(18)(A)(i) of the Act and are not allowable under Title I.

Finally, RSA has learned that OVRS has been using expenditures paid with State-appropriated IL funds to satisfy the 21.3% match requirements of the Title I VR program. The amount of State funds at issue each year ranged from $225,000 in FY 2003 to $500,000 in FY 2008. To satisfy the Federal matching requirements for the Title I VR program, expenditures (allowable costs) must be made "under the State plan" and must be from non-Federal sources (34 CFR 361.60(b)). The information that RSA reviewed indicates that the expenditures were from State funds appropriated for the IL program. Thus, expenditures made with these funds were clearly made from non-Federal sources. The question remains, however, whether the funds were used for VR-related expenditures or for IL-related expenditures. Because the State funds were appropriated for the IL program, an assumption can be made that these funds were used for IL-related expenditures. In that case, these expenditures cannot count towards OVRS' matching requirements for the Title I VR program. However, if the State funds were used for VR-related expenditures under the Title I VR program, then those expenditures could count towards satisfying the VR matching requirements provided those same expenditures were not used to satisfy the Title VII matching requirements for the IL program (34 CFR 80.24(b)(3)). RSA will need additional information in order to determine whether OVRS has complied with Federal matching requirements.

VR Finding #2.1: The evidence indicates that by giving Title I funds to the SILC to pay for IL-related expenses, OVRS has failed to comply with section 111(a)(1) of the Act and 34 CFR

361.3 of the VR regulations. These provisions require that Title I funds be used only to pay for the costs of providing VR services and the associated administrative costs for providing those VR services. RSA will need further information before it can determine the extent of non-compliance with these requirements.

VR Finding #2.2: The evidence indicates that OVRS has failed to comply with 34 CFR 361.13(c)(1)(iv) by allowing the SILC to perform duties related to the expenditure and allocation of Title I VR funds. RSA will need further information before it can determine the extent of non-compliance with this requirement.

VR Finding #2.3: The evidence suggests that OVRS has failed to comply with 34 CFR 361.60 of the VR regulations and 34 CFR 80.24 of EDGAR, which require that the VR matching requirements be satisfied with allowable costs under the VR program from non-Federal sources. These expenditures may not be used to satisfy the matching requirements for another Federal program. RSA will need further information before it can determine whether OVRS has failed to comply with the matching VR requirements and, if so, the extent of non-compliance with these requirements.

IL Finding #2.1: Even if OVRS was using section 101(a)(18)(A)(ii)(II) as its authority to give Title I funds to the SILC, the SILC is not using that funding consistent with the requirements of the SILC resource plan developed under section 705(e)(1) because the SILC is using the title I funding for activities that are beyond the scope of its duties authorized by section 705 of the Act. Any Title I funds provided to the SILC under section 101(a)(18)(A)(ii)(II) for inclusion in the SILC resource plan developed under section 705(e)(1) must be used for the SILC duties set forth in section 705. RSA will need further information to determine the extent of non-compliance with these requirements.

Corrective Action Required: RSA requires that OVRS cease giving Title I VR funds to the SILC, except for allowable purposes as authorized under section 101(a)(18)(A)(ii)(II) of the Act. In addition, OVRS and/or the SILC must cease using Title I funds for IL-related purposes, except as authorized under section 101(a)(18)(A)(ii)(II) of the Act for the SILC resource plan. If OVRS wants to continue collaborating with the SILC to develop and implement innovative approaches to improve the provision of VR services, it could do so provided it adheres to the requirements set forth at section 101(a)(18)(A)(i) of the Act. Most importantly, this provision requires that the services provided with those Title I funds be VR services to VR consumers.

RSA also requires OVRS and the SILC to submit the following information to RSA:

1) an electronic copy of the agreement between OVRS and the SILC discussing the details of the activities that the SILC was performing for OVRS and the financial arrangement and the respective roles of each party for those activities;

2) a description of each program operated between the SILC and/or OVRS and the CILs, with a detailed breakout of funding sources for each program; and an electronic copy of all signed agreements between the CILs and the SILC and/or OVRS for the fiscal years of FY 2003 through the present;

3) electronic copies of all signed invoices which were paid by the SILC for the fiscal years of FY 2003 through the present;

4) all reports documenting services provided by the SILC for the fiscal years of FY 2003 through the present;

5) an explanation of the programmatic and fiscal relationship between OVRS and the SILC, including a copy of the SILC budget for the fiscal years of FY 2003 through the present, an explanation of how OVRS acts as the SILC fiscal and contracting agent for all IL funds; an explanation of the responsibilities of the executive director and other staff of the SILC, including information on how their duties are divided between VR and SILC duties and how funds to pay SILC staff time are separated; and an explanation of how conflicts of interest between OVRS and the SILC are prevented under this arrangement;

6) for each fiscal year – FY 2003 to the present -- spreadsheets and all relevant supporting financial documentation that will enable RSA to track: A) the Title I funds that were used by OVRS and/or the SILC to develop contracts with the CILs ; B) the detailed expenditures of all contracts developed by the SILC and/or OVRS with Title I funds; C) the sources of State funds used for satisfying the matching requirements of both the VR and IL programs; and D) the detailed expenditures made with state funds under both the VR and IL programs; and

7) an explanation for the use of funds from the four-year Medicaid Infrastructure Grant (MIG) from the Centers for Medicare and Medicaid Services. In particular, please explain the use of the MIG funds in the sharing of costs with VR and/or IL funds, how the availability of this MIG funding was contingent upon the continued use of state-allocated IL funds, as a source of match for the Title I VR program, and, for each fiscal year, how the MIG grant was used. Please provide a detailed allocation spreadsheet of the expenditures of each funding source.

Once RSA receives and reviews the additional information requested above, RSA will make a determination whether enforcement measures will need to be taken pursuant to 34 CFR 80.43 of EDGAR.

CHAPTER 4: OCB VR AND SE PROGRAMS

Agency Information and Performance

As shown in Figure 4.1, in FY 2007, OCB served 618 individuals and successfully rehabilitated 113 individuals. Of those who were successfully rehabilitated, 4 achieved a SE outcome. Over the past five years, the number of OCB's employment outcomes has increased by 28 individuals or 32.9 percent (85 individuals in FY 2003 to 113 individuals in FY 2007). However, the number of new applicants has decreased by 46 individuals or 18.6 percent for the same period. Additionally, the number of individuals served has increased from FY 2003 to FY 2007. In FY 2003, OCB served 602 individuals, while in FY 2007 the number of individuals served increased by 16 or 2.7 percent to 618 individuals.

Figure 4.1 OCB Performance Trends 2003 – 2007

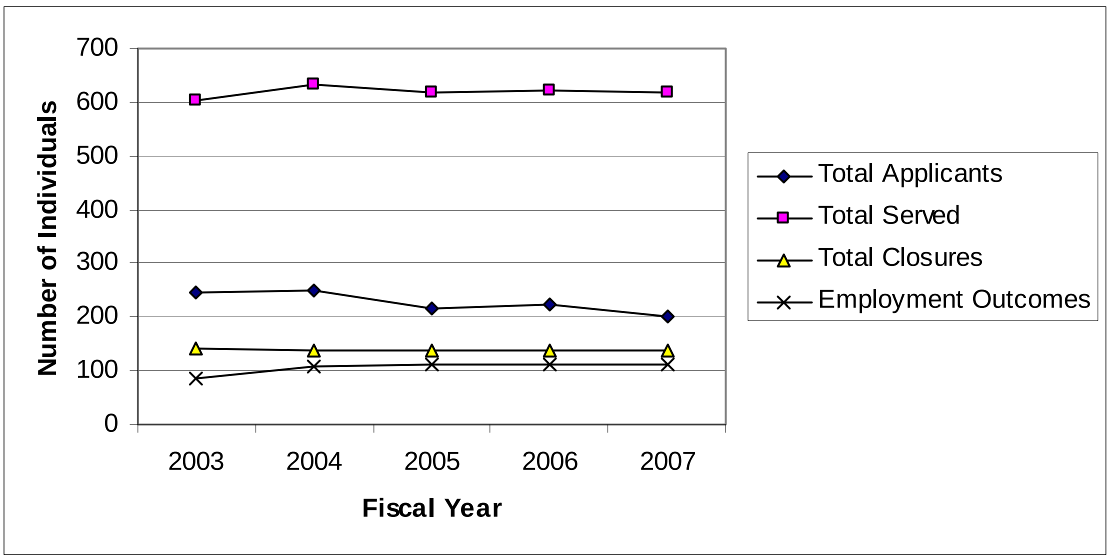


Table 4.1 provides fiscal and program data for FY 2003 through FY 2007. These data provide an overview of the VR program's costs, outcomes and efficiency. The table identifies the amount of funds used by the agency, the number of individuals who applied, and the number who received services. It also provides information about the quality of the agency's employment outcomes and its transition services.

Table 4.1 VR and SE Program Highlights for OCB for FY 2003 through FY 2007

Data Elements	2003	2004	2005	2006	2007
Total funds expended on VR and SE	$4,779,994	$4,960,357	$5,185,587	$6,350,503	$7,459,522
Individuals' cases closed with employment outcomes	85	109	111	112	113
Individuals' cases closed without employment outcomes	57	29	26	25	25
Total individuals' cases closed after receiving services	142	138	137	137	138
Employment rate	59.86	78.99	81.02	81.75	81.88
Individuals whose cases were closed with supported employment outcomes	2	8	5	12	4
New applicants per million state population	59.55	59.89	51.10	54.32	48.27
Average cost per employment outcome	$7,167.42	$8,053.97	$9,325.48	$7,780.87	$9,563.99
Average cost per unsuccessful employment outcome	$3,003.79	$14,946.59	$4,843.85	$4,537.52	$9,605.56
Average hourly earnings for competitive employment outcomes	$12.70	$14.90	$13.10	$13.62	$12.43
Average state hourly earnings	$16.56	$16.98	$17.53	$18.08	$18.81
Percent average hourly earnings for competitive employment outcomes to state average hourly earnings	$76.69	$87.75	$74.73	$75.33	$66.08
Average hours worked per week for competitive employment outcomes	26.52	27.83	28.14	27.38	31.71
Percent of transition-age youths served to total served	10.56%	9.42%	11.68%	16.06%	14.49%
Employment rate for transition-age youths served	46.67	92.31	81.25	86.36	95.00
Average time between application and closure (in months) for individuals with competitive employment outcomes	31.3	43.1	40.3	31.2	34.2

VR and SE Service Delivery

OCB provides vocational as well as non-vocational services to its population on the basis that this holistic approach strengthens the likelihood of individuals succeeding in competitive employment. OCB provides direct services to individuals through its Orientation and Career center and sixty percent of OCB's VR population participates in a variety of the center's classes such as Braille training, techniques of daily living, living with blindness program, and travel. In addition to these core courses, OCB provides courses in other areas such as maintaining a healthy lifestyle, improving nutrition, life works planning, and career exploration. OCB also has its own radio station that is staffed by individuals who have expressed an interest in this type of employment. OCB has a Summer Work Experience Program (SWEP) for transition-age youths that provides a residential program to assist them to transition into adult life. During this summer program, participants are provided paid work experiences in the community. In terms of overall performance, OCB has experienced a decrease in its referrals over the past several years and is currently developing a marketing plan that includes public service announcements to highlight its services and increase referrals.

OCB has an AT center supplemented by contractors who work with individuals to provide updated technology to further the likelihood of success. The AT center provides on-site evaluations and training on AT equipment for individuals in need of these services. Approximately 70 percent of individuals who receive services from OCB and achieve successful employment outcomes receive AT accommodations.

In FY 2006, approximately eleven percent of individuals whose service records were closed after receiving services achieved SE outcomes. Transition-age youths yielded the highest percentage of SE outcomes with 32 percent closed in SE with extended services supports in FY 2006. Clients and families sometimes choose not to use the ongoing Medicaid brokerage system for extended services funding in SE. The brokerage system permits individuals to choose what services to purchase, and extended services in SE is an allowable service. However, brokerage managers often do not focus on employment as a priority and this limits the extended services funding availability for individuals appropriate for SE.

Personnel

OCB has 53 employees in the following categories:

- 5 managers;
- 1 administrator;
- 16 VR counselors;
- 1 employment development coordinator;
- 9 center teachers (one vacancy in Medford);
- 8 field teachers;
- 4 rehabilitation assistants;
- 3 accounting support staff;
- 1 network administrator;

- 2 receptionists; and
- 3 administrative assistants.

All of the OCB VR counselors are either CRC certified or certified as VR counselors through the state's Workers Compensation Division. The latter credential is the official CSPD standard in OR for VR counselors. OCB uses grant funds to allow VR counselors to receive training in order to maintain certifications. OCB anticipates the loss of a significant number of staff through retirement over the next five years. In order to address this concern, as well as recruit and retain qualified staff, OCB is:

- providing additional training to staff to assist them to move into advanced positions within the agency;
- partnering with other VR agencies in the region to collaborate on recruitment of students into VR counseling and rehabilitation teaching programs; and
- working with other VR agencies and postsecondary schools within the region to develop marketing plans that address recruitment and retention in the region.

OCB will track these efforts to determine whether other recruitment and retention strategies will be necessary.

Data Management

OCB has not fully integrated the use of data into its day-to-day management operations. OCB is building a baseline of performance data and is building the logic models to show how systemic interventions can help shape agency outcomes.

Quality Assurance

OCB's QA and evaluation methods are limited to service record reviews. OCB conducts thorough reviews on 100 percent of its records. At the time of the review, OCB had not established quality assessment or evaluation plans for the various programs offered by the agency.

Planning

In developing the State Plan, OCB seeks input from its stakeholders and individuals with disabilities. OCB leadership conducts two planning sessions per year with its executive management team, one in the spring and one in the fall. Members of the executive management team gather and analyze data and then draft the State Plan. Once completed, the agency holds public hearings to obtain input from individuals and stakeholders. Currently, OCB is developing an accessible electronic survey tool for staff to submit their input to this process. Once the State Plan is approved, it is distributed to the Commission Board but not to OCB's staff or the public.

VR and SE Programs TA Provided to OCB During the Review Process

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

- developing measurable goals for the State Plan;
- strategies for bringing third-party cooperative arrangements into compliance, including guidance on developing the waiver of statewideness for the school-to-work transition program;
- improving its planning efforts with a focus on alignment of goals, objectives, strategies and measures; and
- preparing contracts including developing reasonable scopes of work.

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

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

- there has been a decrease in referrals in recent years;
- the low percentage of its transition-age youths closed with competitive employment outcomes;
- the high percentage of homemaker closures;
- the lack of integration of performance data into the agency’s management processes;
- the desire to have OCB’s conduct a QA review of all its service records; and
- the lack of clarity in OCB’s contracts’ scope of work.

RSA discussed the observations of its stakeholders with OCB 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 OCB about those observations. OCB responded to each of the recommendations and in those instances when RSA and OCB agreed upon a recommendation, RSA and OCB identified the TA that RSA would provide to OCB to successfully implement the recommendation.

1. Decline in Referrals

Observation: The number of OCB's referrals to the agency decreased from 238 in FY 2002 to 201 in FY 2006. OCB is increasing its outreach to ophthalmologists and optometrists to obtain referrals and considering awarding a contract to conduct a public awareness campaign to increase its visibility and attract more applicants.

Recommendation 1: Continue its outreach efforts, establish outreach performance goals and target, expand its current strategies, and evaluate the extent to which it is meeting its outreach performance goals.

Agency Response: The agency is in full agreement with this recommendation. OCB brought forward this issue with RSA because of concerns about the reduction in the number of applications we have received in the vocational rehabilitation program. The agency was in an order of selection from 2000 until 2005. OCB believes that the reduction of referrals is directly related to this issue and has employed a number of strategies to address this concern. If RSA is aware of any agencies nationally that have had particular success in this area, OCB would like to be able to compare approaches with those organizations.

TA: OCB requests TA. RSA will research other like agencies that have been successful in this area and if available, will provide this information to OCB.

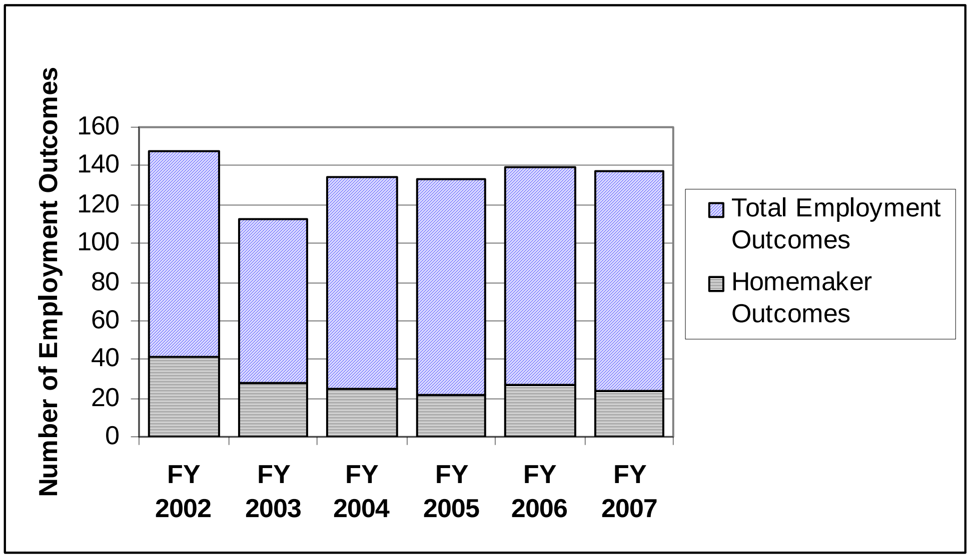
2: Homemaker Closures

Observations: As indicated in the Table 4.2 below, a high percentage of OCB's employment closures are homemaker closures. OCB made progress in reducing the number of homemaker outcomes from FY 2002 to FY 2003. However, the number of annual homemaker closures has remained steady from FY 2003 to FY 2007.

Table 4.2 Status at Closure
Homemaker Closures FY 2003- 2007

Employment Status at Closure	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Homemaker	41	28	25	22	27	24
Total Outcomes	107	85	109	111	112	113

Figure 4.2 Employment Status at Closure



OCB and RSA discussed how OCB could decrease the number of homemaker outcomes and increase the number of competitive employment outcomes.

- OCB indicated that some individuals choose to pursue homemaker outcomes because they are concerned that if they become employed, they will lose their benefits.

- OCB indicated that has program participants with complex secondary disabilities (e.g. mental illness, substance abuse) who pose a significant challenge to its staff.

OCB indicted that it lacks the expertise that OVRS has in addressing these non-visual, complex disabilities.

Recommendations:

2.1 Develop performance goals, targets, strategies, and evaluation methods to decrease the number of homemaker outcomes.

2.1 Coordinate with OVRS to utilize the WIN program, which is operated within OVRS, for benefits counseling to SSI/SSDI clients so they can better plan for a potential reduction or loss of benefits after obtaining paid employment.

2.3 As requested by OCB VR staff, partner with OVRS to better serve individuals with complex secondary disabilities.

Agency Response: During the onsite portion of the monitoring, the agency expressed a desire and interest in increasing our competitive employment outcomes. OCB does not have an interest in focusing on homemaker outcomes specifically. OCB's expectation would be that if the agency is successful in increasing competitive employment outcomes, the percentage of homemaker closures to the overall total of employment outcomes would decrease. The agency has offered benefits counseling twice per month to our clients in the Portland office and is integrating it into our curriculum for related courses.

TA: OCB does not request TA.

3. Strategic Planning

Observations: OCB does not have a strategic plan or a planning process that addresses resource allocation and agency performance.

Plan Development:

- OCB has not developed a strategic plan and its VR State Plan is not sufficiently developed to help guide the agency in either improving its performance or making resource allocation decisions.

- OCB does not employ a systematic approach to VR State Plan development that addresses plan elements beyond its goals and priorities. The State Plan does not address the strategies the agency will undertake to achieve its goals, the measures it will use to assess its progress in working towards these goals, the data sources that provide the information or the targets it can use to determine when they have achieved their goals.

- In the absence of these components of a plan, it is not be possible for either OCB or RSA to make an objective determination of the extent to which the agency has met its goals.

Lack of integration of CNA:

- OCB does not consider the results of the CNA in the development of its VR State Plan goals and priorities.

- The FY 2008 VR State Plan CNA Attachment included the following items:

  Key recommendations regarding adaptive skills training:
  - work toward connecting the agency up with blind individuals who were not successful in rehabilitation or employment in the past; and

  - provide mentors for graduates who can act as an ongoing resource for that person

  Key recommendations for services to individuals from minority groups:

  - look at increasing the percentage of OCB staff, Commission and volunteers from minority groups; and

  - provide outreach using Chamber of Commerce media and Hispanic radio.

None of these recommendations are included or referenced in the goals and priorities that were operational in the FY 2008 State Plan.

Availability of State Plan and OCB Policies to the Public:

- OCB provides limited access to its VR State Plan and policies. The State Plan and policies are not available on the OCB website and are only available upon request.

- In addition to the general public, OCB stakeholders, including consumers, the SRC, CRPs, and Client Assistance Program, are not able to easily obtain copies of the State Plan and OCB policies. As a result, the chances for miscommunication and misunderstanding of OCB's goals, objectives and policies are increased.

- By making the State Plan and policies readily available, OCB will encourage an open dialogue about the agency's goals and policies, as well as foster an environment of transparency. As a result, OCB may see increased referrals, applications, and increased levels of competitive employment outcomes. Additionally, it will begin to eliminate any inconsistent messages or misunderstandings about the agency's goals, objectives and policies.

Strategic Communication with Staff:

- Some OCB staff indicated a desire for more communication from OCB about agency initiatives or programs. While OCB leadership shares general information with staff regarding various programs and initiatives, these staff indicated a need for specific on-going updated information regarding the reasons OCB is implementing a certain program or what OCB hopes to achieve.

- Staff indicated that increased communication from OCB leadership would help them understand why OCB is making programmatic decisions and enhance their ability to implement new initiatives.

Recommendations: Take the following actions to strengthen both the planning process and the ability of the agency staff and stakeholders to understand the strategic directions and actions the agency is undertaking:

3.1 Plan Development

- Implement a more effective strategic planning process that goes beyond goals and objectives that includes strategies so the plan clearly communicates what the agency intends to accomplish and how it will go about doing it.

- Include in the State Plan measures, targets and data sources that allow for a determination of success in meeting agency goals and objectives.

3.2 Increased Integration of the Results of the CNA

- Increase the use of the CNA as an essential part of the planning process.

- Consider the results and recommendations from the CNA when setting State Plan and priorities.

3.3 Availability of State Plan and OCB Policies to the Public Employ multiple strategies for making the State Plan and policies available to stakeholders (as well as agency staff) including an accessible link on the OCB website.

3.4 Strategic Communication with Staff:

- Develop a communication plan for communicating priorities, policy goals, activities, vision, and agency direction to staff. Employ multiple communication channels for allowing staff to stay informed (e.g., intranet, newsletter, e-mail).

Agency Response: Plan Development – The agency does not agree with the finding entirely. OCB does have an involved planning process that involves the management team and the Commission Board and focuses on the agency allocation of resources and performance and would request that your report be modified to reflect this. OCB has conducted strategic planning in the past with all of our staff and plans on doing so again. OCB has scheduled a Strategic Planning Session with all of our staff in December 2008. OCB will be utilizing this information for the purposes of planning and will be including the results in the FY 2010 State Plan.

Increased Integration of the CNA – The agency disagrees with this observation. The agency does consider the results of the CNA in the development of its VR State Plan goals and priorities. OCB integrates the needs assessment throughout the planning process and discussions with staff. It is in part what led OCB to its strategies around the current outreach campaign. The agency conducted a needs assessment in 2008. OCB intends to incorporate the results into our strategic planning process with our staff. It is the combination of the two, as well as input from our Commissioners that will shape the direction of the goals and priorities for FY 2010.

Availability of State Plan and Policies – The agency is in support of this idea and is awaiting final approval of the State Plan and the conclusion of this process to implement this recommendation.

Strategic Staff Communication - The agency is in agreement with this observation. OCB has implemented a quarterly conference call for all agency staff. OCB is in the process of developing a corresponding internal report that tracks agency performance on key measures.

TA: OCB does not request TA.

4. AT Center

Observations:

- Staff and TA contractors indicated that they do not always possess knowledge regarding newly developed rehabilitation technology (RT). As a result, OCB may not provide the most effective RT available to individual participants in the program.

- Staff and the TA contractors expressed interest in establishing a system to identify and disseminate information regarding cutting edge RT.

Recommendations:

4.1 Establish goals, strategies and evaluation methods to ensure that staff and TA contractors are aware of and use cutting edge RT.

4.2 Implement a web-based interactive page in which all staff and vendors share newly acquired knowledge about RT.

Agency Response: Rehabilitation technology for the blind is an ever changing/dynamic component of rehabilitation. It is one that is very exciting because it opens doors for employment opportunities for individuals who are blind. It can also become challenging to keep pace with the changes. The agency is in support of the recommendations specific to staff.

TA: OCB does not request TA.

5. Use of Data

Observations: OCB could improve the extent to which it integrates quantitative information into the agency's operations.

- Performance data could be used more effectively in the following areas:
  - strategic planning;
  - staff appraisals;
  - policy development;
  - program evaluation;
  - resource allocation;
  - evaluating CRP activities;
  - analyzing sources of referrals;
  - determining cost per placement;
  - yearly trends of successful rehabs by counselor

- OCB is beginning to establish a baseline of performance information and develop a process flow model to describe its processes and identify areas for further analysis.

- OCB managers do not routinely review data that is generated by a management information system (MIS). OCB does not use its own MIS or RSA's MIS to evaluate OCB's performance in comparison to peer agencies on a periodic basis.

Recommendations:

5.1 Use quantitative performance data in its day-to-day management operations and continue to work on logic models to guide development of analytic models so that OCB performance can be evaluated and improved.

5.2 Use RSA MIS to benchmark its performance against that of peer agencies.

Agency Response: The agency is in agreement with these recommendations. OCB has been working on implementing strategies toward utilizing quantitative data and this is consistent with agency efforts. The agency is developing tools to integrate performance data into its ongoing operations. The agency does use RSA MIS information to evaluate performance on a periodic basis and has used this information as discussion items at management and staff meetings.

TA: OCB does not request TA.

6. Quality Assurance

Observations: OCB's QA process is limited to a review of all of its case files for compliance with regulations and policy.

- OCB's QA system does not include a focus on success in achieving employment outcomes or conduct time-in-status reviews of VR caseloads.

- Management is beginning to review counselor flow sheets semi-annually. VR counselors acknowledge the presence of inactive cases in their caseloads.

- OCB has not established performance targets for counselors except in terms of successful outcomes. Counselors are not evaluated on the timeliness of case flow in their caseloads.

- OCB has not developed standards for vendor performance. OCB management does not perform reviews of vendor activities to provide a quality review of the counselors' interactions with service providers. There is no system to ensure accountability of, fiscal control for, or degree of success achieved by vendors.

Recommendations:

6.1 Strengthen their performance evaluation system by including performance targets in key outcome areas and include managers under this system.

6.2 Establish goals with counselors regarding timelines for case movement (e.g. number of referrals, eligibilities, IPEs, successful closures per quarter) and use these standards to evaluate each counselor's yearly performance.

6.3 Expand the focus of the QA process to additional areas within OCB. These additional areas may include contracting, organizational effectiveness and efficiency, agency outcomes and the degree of alignment between the OCB VR State Plan and agency outcomes.

Agency Response: The agency agrees that quality assurance is an important component and is moving toward making efforts consistent with the recommendations. The primary focus in the VR program is on achieving employment outcomes. Over the past several years, the agency's resources have been dedicated to direct services for clients and as a result have very few administrative positions. Currently each program conducts quality assurance and balances this with the other requirements. OCB has been planning for a QA coordinator and will be proposing this through the state legislative process for the 09-11-budget period. As OCB moves forward with its QA efforts, it believes it should be done in the context of the agency's operating environment.

TA: OCB does not request TA.

VR and SE Compliance Findings and Corrective Actions

RSA identified the following compliance finding and corrective action that OCB is required to undertake. OCB 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 OCB.

Finding 1. Third-Party Cooperative Arrangements

Legal Requirement: Agencies entering into third-party cooperative arrangements must comply with the requirements of 34 CFR 361.28, which reads as follows:

(a) The designated State unit may enter into a third-party cooperative arrangement for providing or administering vocational rehabilitation services with another State agency or a local public agency that is furnishing part or the entire non-federal share, if the designated State unit ensures that--
(1) The services provided by the cooperating agency are not the customary or typical services provided by that agency but are new services that have a vocational rehabilitation focus or existing services that have been modified, adapted, expanded, or reconfigured to have a vocational rehabilitation focus;

(2) The services provided by the cooperating agency are only available to applicants for, or recipients of, services from the designated State unit;
(3) Program expenditures and staff providing services under the cooperative arrangement are under the administrative supervision of the designated State unit; and
(4) All State Plan requirements, including a State's order of selection, will apply to all services provided under the cooperative program.
(b) If a third-party cooperative agreement does not comply with the statewideness requirement in §361.25, the State unit must obtain a waiver of statewideness, in accordance with §361.26.

Finding: OCB enters into third-party cooperative arrangements with local school districts to provide transition services. Many of the provisions of the written agreements establishing these arrangements are standardized; thus, RSA reviewed one agreement - the Greater Albany Public Schools Agreement, No. 102-05 – to determine if the arrangements are in compliance with the provisions of 34 CFR 361.28.

Based on its review of the written agreement with the Greater Albany School District, along with information gathered from agency and school district personnel, RSA finds that OCB is in compliance with the provisions of 34 CFR 361.28, except as follows:

As stated in 34 CFR 361.28(a)(2), "the services provided by the cooperating agency are only available to applicants for, or recipients of, services from the designated State unit." Through the third-party cooperative arrangements, OCB and the school districts provide new or modified transition services with a vocational rehabilitation (VR) focus, to students who meet the VR program eligibility requirements.

The Greater Albany agreement states, “only individuals eligible for VR services will be served.” This language restricts eligibility for the program to those individuals who have been determined eligible for the VR program. This is more restrictive than the federal regulations allow. Individuals who are VR applicants are also eligible to participate in these transition programs.

In addition, the regulations state that, "if a third-party cooperative agreement does not comply with the statewideness requirement in §361.25, the State unit must obtain a waiver of statewideness, in accordance with §361.26" (34 CFR 361.28(b)). Pursuant to 34 CFR 361.25, "the State Plan must assure that services provided under the State Plan will be available in all political subdivisions of the State, unless a waiver of statewideness is requested and approved in accordance with §361.26." Through its review, RSA found that there are 226 public high schools in OR. OCB has not entered into third-party cooperative arrangements in all school districts and has not requested a waiver of statewideness through its FY 2008 VR State Plan. Because OCB cannot offer the level of transition services provided for through the third-party cooperative agreements in all public school districts, OCB is not in compliance with the requirements of 34 CFR 361.25. Consequently, the agency must request a waiver of statewideness, in accordance with 34 CFR 361.28(b).

Corrective Actions:

1.1 OCB is not in compliance with 34 CFR 361.28(a)(2) because it limits the individuals who can be served to those individuals who are eligible for VR services. OCB must revise the language of the cooperative arrangements to clarify that VR "applicants" are also eligible to participate in the program.

1.2 OCB is not in compliance with 34 CFR 361.28(b) because the services are not available statewide and OCB does not have a waiver of statewideness. OCB must request a waiver of statewideness that meets the requirements of 34 CFR 361.26, through its FY 2009 VR State Plan.

CHAPTER 5: FISCAL MANAGEMENT OF OCB'S VR AND SE PROGRAMS

RSA reviewed OCB's fiscal management of the VR and SE programs. During the review process RSA provided TA 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 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 5.1
Fiscal Profile Data for OCB for FY 2003 through FY 2007

Fiscal Year	2003	2004	2005	2006	2007
Grant Amount	3,946,801	3,897,777	3,985,489	4,158,151	6,111,933
Required Match	1,068,194	1,054,926	1,078,665	1,125,395	1,654,183
Federal Expenditures	3,946,801	3,897,777	3,985,489	4,158,151	6,111,933
Actual Match	1,068,194	1,054,926	1,078,665	1,125,401	1,668,445
Over (Under) Match	0	0	0	6	14,262
Carryover at 9/30 (year one)	502,818	650,688	638,313	312,791	234,349
Program Income	94,019	0	251,108	252,497	0
MOE	971,595	1,004,651	1,068,194	1,054,926	1,078,665
Administrative Costs	575,102	527,439	553,813	636,823	1,664,555
Total Expenditures*	4,779,994	4,960,357	5,185,587	6,350,503	7,459,522
Percent Admin Costs to Total Expenditures	12.03%	10.63%	10.68%	10.03%	22.31%

*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 reallotment process, or additional grant funds received through the reallotment 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. RSA also reviewed the accuracy of expenditure information previously reported and submitted in financial and program reports.

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 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).

Fiscal TA Provided to OCB During the Review Process

RSA provided VR and SE program TA to OCB regarding:

- contract development, management and monitoring;
- processing and approval of vendor payments;
- selection of a vendor or contractor to provide services;
- completion of the RSA-2 report;
- cost allocation practices; and
- budgeting and development of fiscal projections.

Observations of OCB about the Fiscal Management Performance of the VR and SE Programs

RSA solicited input from OCB about the performance of the VR and SE programs. The OCB shared the following observations:

- the need for a formalized and more detailed financial forecasting practices for budgeting; and

- the requirement for clearer instructions for completing the RSA-2 report.

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

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

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

1. Third-Party Cooperative Arrangements

Observations: The third-party cooperative arrangements (arrangements) do not clearly state what is required to receive payment and OCB made payments not in keeping with the respective arrangements, or before the services were delivered.

- OCB paid the Greater Albany Public School District (School for the Blind) all funds in the arrangement within the first 10 weeks of the 12-month program and not as services were provided to OCB. The arrangement states that the district will be paid to offset the district's costs of participation and services to this project prior to the completion of this project; however, total payment was given to the district before the services were fully provided.

- OCB paid invoices that did not have the detail that supported the payment as required in the arrangement developed by OCB. For example, the arrangement with the Northwest Regional Program – Agreement No. 108-07 (ending 10/31/07): "Final Report: Within 30 days of the end of the agreement period, OCB and the Regional Program will submit a final program and accounting report, which summarizes the project results and accounts for arrangement expenditures." Invoices were submitted by the district through the period of the contract and paid by OCB. However, the Final Report was never submitted per the arrangement requirements.

- The arrangement with Portland Public Schools, under Section 4.m. Statement of Work and Responsibilities - reads: "The District agrees to the following responsibilities: Ensure that the project funds are not used for administration activities attributable to the general expenses of the District which are used in carrying out its administration functions." However, the invoices submitted by the district and paid by OCB, included charges for administration costs.

- OCB made payments when the invoice did not break out the salaries and wages of district employees that would have provided an audit trail to support the services covered in the arrangement.

- OCB arrangements require that program and evaluation reports be submitted as part of the payment process. These reports were not consistently submitted and the structure and content of those reports differs significantly between the district staff submitting the report.

Recommendations:

1.1 Revise the third-party cooperative arrangements to include: a) the specific staff positions to be funded by the arrangement; b) all documents, reports and other supporting evidence that will be required for payment; and c) specific language as to what activities are permissible in the program and qualify for payment.

1.2 Pay only for services delivered through the third-party cooperative arrangements that are supported by documents kept onsite by the respective school district.

1.3 Process only those invoices that include: a) all documents and reports required for payment per the arrangement; b) the specific staff positions that support the VR program; and c) allowable costs, as specified in the arrangement.

Agency Response: In relation to the Portland Public Schools, the agreement states that they cannot charge administration for the general expenses of the district. It does not prohibit the district from charging administration for the processing of, maintaining records for the purposes of the agreement. OCB believes its actions of charging administration specific to the agreement were appropriate and consistent with the agreement.

The agency made changes to the agreements for the upcoming period based on notes from the exit conference and TA received. OCB will review the current process using these recommendations received and modify the agreements and practices as determined necessary.

TA: OCB does not request TA.

2. Contract Administration

Observation: OCB's contract administration practices indicate a lack of internal controls in providing specific direction to subcontractors on payment requirements and when the contract specified documents for payment, invoices were paid without contractually required documents.

- The invoices reviewed for a personal service contract did not include the required: 1) name of the consumer receiving services; 2) type of services received; or 3) cumulative billing costs invoiced to date. This resulted in invoices being paid without these three contractual requirements being met.

- The contract reviewed providing CRP services required that the invoices include: 1) the total amount invoiced to date; 2) all activities completed; and 3) which staff completed the work. The invoices reviewed did not contain any of the three requirements.

- The contract required itemization and explanation of all expenses but the contract did not provide direction on what form that detail should take in the invoice. This resulted in the contractor submitting line item reimbursement requests for transportation, materials, telephone, postage and salaries without any description or explanation of the applicability of such charges to the contract.

Recommendations:

2.1 Ensure that all contractors track services, submit invoices for payment that includes specific services provided to consumers, all other contractual requirements.

2.2 Revise its contract language to be specific on the structure of the invoices submitted.

2.3 Ensure that contract language clearly provides direction on how the payments are earned (e.g., line item reimbursements, unit payment, and benchmarks).

2.4 Not pay invoices that do not provide all the contractually required information and supporting documentation.

Agency Response: This agency has already taken actions in this area based on the exit conference of the on-site portion of the monitoring and based on written recommendations, will be able to utilize this information to improve our processes as determined necessary.

TA: OCB does not request TA.

VR and SE Programs' Fiscal Management Compliance Findings and Corrective Actions

RSA identified the following compliance findings and corrective actions that OCB is required to undertake. OCB 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 OCB.

1. Cost Allocation Plan

Legal Requirement: Agencies with multiple funding sources must develop cost allocation plans in accordance with OMB A-87:

Attachment A - B.4. (Definitions) states that the "Central service cost allocation plan" means the documentation identifying, accumulating, and allocating or developing billing rates based on the allowable costs of services provided by a governmental unit on a centralized basis to its departments and agencies. The costs of these services may be allocated or billed to users.

Attachment C - State/Local-Wide Central Service Cost Allocation Plans provides guidance on the development of the plans. Section A.1 states: Most governmental units provide certain services, such as motor pools, computer centers, purchasing, accounting, etc., to operating agencies on a centralized basis. Since federally-supported awards are performed within the individual operating agencies, there needs to be a process whereby these central service costs can be identified and assigned to benefited activities on a reasonable and consistent basis. The central service cost allocation plan provides that process. All costs and other data used to distribute the costs included in the plan should be supported by formal accounting and other records that will support the propriety of the costs assigned to federal awards.

Finding 1: RSA identified that OCB has multiple funding sources.

- In addition to its five federal grants, (e.g., Basic Support, IL, OIB, SE, and a Training grant), and funds from required non-federal match from state revenue, OCB has county grants that provide services to individuals with significant disabilities.

- OCB is not in compliance with the requirement to have a cost allocation plan per A-87, Attachment A - Sections B.4 and Attachment C. because OCB does not have a cost allocation plan or an approved indirect cost rate.

Corrective Action 1: OCB shall allocate the cost of goods and services in accordance with relative benefits, and develop and submit for approval to its cognizant agency, a cost allocation plan as detailed in the cited attachments of OMB A-87.

2. Charging personnel costs

Legal Requirement: OMB A-87 Attachment A – C.3.a. Allocable Costs states:

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.

A-87 – Attachment B.8.h.(3) states: Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

Finding 2: OCB's policy states: 1) salaries are charged per workload distribution or manager's report, instead of actual time spent on the grant; and 2) costs for accounting, personnel/payroll, the OCB administrator, and administrative services director are charged 100 percent to the VR grant, although they have other programs benefiting from these staff positions.

- OCB is not in compliance with OMB A-87-Attachment C.3.a. because it allocates costs to the VR grant without the necessary documentation to support the charges.

- The OCB is not in compliance with OMB A-87 – Attachment B.8.h (3) because it does not complete periodic certifications of employees working 100 percent on one grant or cost objective.

Corrective Action 2: OCB shall change its policies for allocating personnel costs to follow the requirements in the OMB A-87 – Attachment B.8.h (3) requiring periodic certifications, at least semi-annually, for employees working solely on one program, and in OMB A-87 – Attachment C.3.a. requiring costs to be allocated according to relative benefits received.

CHAPTER 6: IL PROGRAM

Agency Information and Performance

In FY 2007, 895 individuals received IL services from part B or other non-part C funded IL services. An additional 1,141 individuals in the state received IL services through part C funded centers. OVRS does not retain any IL funds to serve consumers directly.

Table 6.1 provides fiscal and program data for FY 2007.

Table 6.1 - Program Highlights for OR for FY 2007

Data Elements	2007
Funding: Title VII, Chapter 1, part B	301,477
Funding: Total Resources (including part B funds)	2,691,435
Performance: Total Served	947
Performance: Total Consumer Service Records Closed	667
Performance: Cases Closed, Completed All Goals	464
Performance: Total Goals Set	464
Performance: Total Goals Met	464
Performance: Total Accesses Achieved	34
Staffing: Total FTEs	4.00
Staffing: Total FTEs with Disabilities	0.00

IL Program Administration and Service Delivery

The SILC is established as a separate governmental entity. In FY 2007, $37,685 was allocated to OVRS to provide services to individuals with significant disabilities. The un-utilized Chapter 1, part B funds ($263,792) were provided to the SILC to carry out its functions. Part B funds were not used for IL services provision other than those funds allocated to OVRS. The SILC contracted $52,702 for administrative services to support the SILC staff to accomplish its duties.

Personnel

The SILC maintains 3.55 full time equivalent (FTE) staff to support SILC activities. This includes one full time executive director and 2.55 support staff.

Data Management

The SILC shares responsibilities, along with representatives from OVRS and the CILs, to monitor the implementation of the SPIL. SILC staff members conduct annual reviews of the CILs' 704 reports. The SILC staff uses the review to identify potential CIL training needs and to provide TA on identified issues. In addition, the SILC has a number of data collection practices that it uses to review the implementation of the SPIL. These are discussed more fully in the promising practices section of this chapter.

Fiscal Management

The SILC is funded through a number of sources, including federal and state funds. The SILC, as part of OR's DHS, uses the DHS existing fiscal structure and regulations to guide its operations. As funding is received, the SILC determines what expenses to allocate to specific funding categories and reports this to the Department of Administrative Services. The department provides periodic reports to the SILC on its expenditures. The SILC reviews these fiscal reports for accuracy and advises DHS of changes in funding categories or discrepancies in the reports as they occur.

Quality Assurance

The QA efforts primarily focus on the SILC's monitoring of the SPIL implementation. This is accomplished through quarterly SILC meetings, and an analysis of information provided by SPIL partners on a periodic schedule. The OVRS and SILC directors work in collaboration to ensure that high standards are maintained throughout the IL program.

Planning

The SPIL serves as the OR strategic plan for IL (details about the SPIL planning process are described in the Promising Practice section that follows.)

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

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

1. Collaboration Among IL Partners

There is a high level of collaboration among the DSU, SILC and CILs.. The partners indicated that the success of the IL program is mostly due to the commitment of the SILC and OVRS directors to work in collaboration. Activities that foster successful collaboration are included below.

- The SILC facilitates opportunities for all partners to provide input on work products including public notices, public hearings, planning meetings and provides opportunities to provide feedback on draft versions of the SPIL. This collaborative process results in partners feeling represented and engages them in a commitment to a solid final product.

- Once the SPIL is approved, it is used for subsequent programmatic decisions. Partners report that the combination of involvement in, production of, and adherence to the SPIL is significant in keeping all partners committed to and successful in their mission.

- Members of the DSU, the SILC and CILs learn about the respective roles and responsibilities of each entity through cross training efforts. Representatives made comments such as “we didn’t agree, but we understood where they were coming from and agreed to work through concerns,” indicating their mutual respect for each other.

2. Tracking and Enhancing Partner Participation

Once the SPIL is approved, the SILC transmits letters to the participating partners. These letters outline each partner’s responsibilities. The SILC follows up every six months with a request for a progress report on activities and outcomes. The SILC uses this semi-annual report to review and analyze the implementation of the SPIL. This practice supports the SILC’s goals by:

- providing reinforcement to partners regarding their roles and responsibilities in fulfilling the SPIL goals;

- providing routine updated data on implementation of the SPIL rather than just the annual 704 reports; and

- creating a mechanism for data collection that partners who do not complete the 704 reports are able to utilize.

The letters clarify that the SILC does not have oversight authority with part B funding and that reporting to the SILC is optional, but, because of the SILC’s credibility, partners rarely fail to respond to request.

IL Program TA Provided to OVRS, SILC and CILs During the Review Process

RSA provided IL program TA during the review process regarding:

- the SILC's roles and responsibilities;
- guidance on roles and responsibilities of the SILC as required by part B funding; and
- alternative ways to provide TA to the IL community.

Observations of OVRS, SILC and CILs and Its Stakeholders about the Performance of the IL Program

RSA solicited input from a wide range of the stakeholders about the performance of the IL program. The stakeholders shared the observations below.

- The SPIL process, both development and monitoring of implementation, is inclusive.
- Every partner feels valued and participates in the process.
- There is excellent communication and collaboration among partners.

RSA discussed the observations of OR's stakeholders with OVRS and addressed them either directly or by consolidating them into broader issue areas.

IL Program Performance Observations and RSA Recommendations

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

1. Fiscal Controls

Observation: In order to purchase goods or services, the SILC must submit a payment request to OVRS' financial services. This department reviews the request to assure it is allowable under Department of Administration and Department of Human Services rules. If payment is not allowable under these rules, then the request is returned to the SILC. OVRS does not verify that goods and services authorized for purchase by the SILC were actually purchased.

Recommendation: Develop and implement procedures to verify the actual purchase of goods or services.

Agency Response: The SILC maintains a hard copy filing system that contains source documentation for each financial transaction. A computerized financial tracking system allocates every expenditure to an income source(s). The SILC will work with OVRS to ensure they are aware of the location and have access to each of these systems. The OVRS business manager will conduct periodic reviews of these records.

TA: OR requests TA. OR requests clarification from RSA on the role of the DSU in monitoring, approving or otherwise exercising control over the funds contained in the SILC resource plan contained in the approved SPIL, specifically, defining the disparity between the level of OVRS control over the SILC resource plan in recommendation 1 above and the independence and responsibility for the proper expenditure of such by the SILC, contained in Part 364.21(i)(3) and (4).

IL Program Compliance Findings and Corrective Actions

RSA identified the following compliance finding and corrective action that OVRS, OCB and the SILC are required to undertake. OVRS, OCB and the SILC 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 OVRS, OCB and the SILC.

Finding 1. SILC Activities

Legal Requirement: Section 705(c) of the Act provides:

The Council shall:

(1) jointly develop and sign (in conjunction with the designated State unit) the State Plan required in section 704;
(2) monitor, review, and evaluate the implementation of the State Plan;
(3) coordinate activities with the State Rehabilitation Council established under section 105, if the State has such a Council, or the commission described in section 101
(a)(21)(A), if the State has such a commission, and councils that address the needs of specific disability populations and issues under other Federal law;
(4) ensure that all regularly scheduled meetings of the Statewide Independent Living Council are open to the public and sufficient advance notice is provided; and
(5) submit to the Commissioner such periodic reports as the Commissioner may reasonably request, and keep such records, and afford such access to such records, as the Commissioner finds necessary to verify such reports.

Finding: Discussions with SILC and CIL representatives and review of documents indicated that the SILC conducts activities beyond those that are allowed under Section 705(c) of the Act. The SILC provides TA to CILs on questions related to day-to-day operations of a CIL. This activity is not authorized by section 705(c), and therefore is not an allowable use of Title VII, part B dollars.

The SILC has multiple sources of funding that could, if appropriately allocated, fund these activities. However, the SILC currently lacks financial management systems necessary to document that sources other than Title VII, part B are funding these activities.

Corrective Action 1: The SILC must ensure that it utilizes standards for financial management systems sufficient to demonstrate that all activities funded by Title VII, part B funds are in accordance with SILC duties described in Section 705(c) of the Act. The Education General Administrative Regulations (EDGAR) 80.20 describes the applicable standards for financial management systems for subgrantees of States, as is the SILC. The SILC must stop providing TA to CILs on questions related to day-to-day operations of a CIL using Title VII, part B dollars.

CHAPTER 7: OIB PROGRAM

Agency Information and Performance

In FY 2007, the OCB OIB program served 667 individuals either directly or through grants or contracts with other service providers. Over the past five years, the number of individuals that the OIB program served has increased while its funding has remained almost level. Table 7.1 provides fiscal and program data for FY 2006 and FY 2007.

Table 7.1 OIB Program Highlights for OCB for FY 2006 through FY 2007

Data Elements	2006	2007
Expenditures: Title VII, Chapter 2	387,901	392,064
Expenditures: Total (including Chapter 2)	468,145	472,723
Performance: Total Older Individuals who are Blind Served	544	667
Staffing: Total FTEs	6.90	6.65
Staffing: Total FTEs with Disabilities	2.35	2.85

OIB Program Administration and Service Delivery

OIB has one supervisory staff, the OCB assistant director, who administers the IL and OIB program and is a member of OCB's management team. There are seven staff and one contractor who deliver OIB services. The contractor primarily covers southern OR.

The 6.95 FTEs served a total of 667 consumers in FY 2007. Forty-six percent of consumers were between the ages of 80 and 89, which is typical for OIB programs. Eighty-four percent of the consumers reported that they were legally blind or have a severe visual impairment with only three percent reporting complete blindness. The reporting category of "time since the onset of significant vision loss" varied widely, with 46 percent experiencing onset within three years. Only one percent of consumers reported living with a personal care assistant that is not a spouse. Eighty-four percent live either alone or with a spouse. Fifty-nine percent of referrals came from either eye care providers or family or friends. There are three report categories, assistive devices, training and other. Training was utilized slightly more than the other two categories.

Personnel

The OIB program is comprised of 6.95 FTEs. The seven direct service staff are classified as teachers and comprise 4.85 FTEs. All direct service staff serve as generalists, with the exception of one staff who works solely on orientation and mobility training. Three staff are certified orientation and mobility trainers while one staff member is in training to receive this certification. There is an additional .3 FTE volunteer and a .75 FTE support staff.

Data Management/Quality Assurance

OIB conducts random annual surveys of 80–100 service records closed within the previous six months. Based upon issues identified from records, staff contact clients directly for follow-up interviews. In-service training needs are identified based on surveys, staff information and record reviews. Staff use the available information to target areas for program improvement and staff training needs.

Separately, the OIB administrator works closely with the SILC to gather programmatic information regarding IL services across the state. In addition, the OIB administrator participates in the development and monitoring of the implementation of the SPIL. Participation in these activities provides additional information to identify improvement areas for OIB services.

Fiscal Management

The procedures for OIB fiscal management are not specific to this program and are covered in general fiscal sections of this report.

Planning

The data management and QA sections above address the planning processes for the OIB program. Additionally, the OIB assistant director is a member of OCB's management team and participates in OCB's annual two-day strategic planning retreat as well as in other agency planning efforts.

Promising OIB Program Practices Identified by OCB and Stakeholders During the Review Process

RSA's review process solicited input from OCB and stakeholders about promising practices and the following promising practice was identified:

1. Participation in SILC activities

The OIB assistant director is an active member of the SILC. OIB participation on the SILC is not a common occurrence in most states. This participation provides the OIB administrator with the opportunity to collaborate on statewide IL issues. Through this collaboration, information was gathered for OIB program improvement, including learning about other resources in the state that support the OIB mission.

OIB Program TA Provided to OCB During the Review Process

RSA provide the following OIB program TA to OCB during the review process regarding:

- information on regulatory roles of OCB/OIB as they relate to SILC and SPIL funding decisions;
- strategies to meet growing service demands; and
- a policy manual for the OIB programs.

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

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

- the high quality of services;
- the need for more staff; and
- the concerns that the growing aging population will dramatically increase service-demands.

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

OIB Program Performance Observations and RSA Recommendations

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

1. Meeting the OIB service demand

Observation: Aging of the population likely means that demand for OIB services will increase. Current resource levels raise concerns over whether future demands can be met.

In FY 2007, OIB served 667 consumers with 6.4 FTE's and a budget of $472,723.
OIB services are currently provided by internal staff, with the exception of the .3 FTE contractor.

OCB staff and consumers expressed concern that the aging of the population and historically flat funding levels will combine to create significantly more demand than the current system can meet.

Recommendation: Develop and implement a long-term strategic effort to develop additional resources.

Agency Response: OCB agrees with this recommendation. OCB is working toward requesting additional state only funds to supplement the Federal/State program resources currently available. These resources are not sufficient to meet the demand and we project the need for services will grow as OR's aging population increases over the next several years.

TA: OCB does not request TA.

2. Pro-active planning to meet consumer needs

Observation: OCB utilizes case reviews and participation in community groups as methods to identify issues to address with planning.

Recommendations:

2.1 Develop a planning process to identify consumers' needs in advance of emergent situations.

2.2 Develop methodologies to evaluate the planning process.

Agency Response: OCB is not in agreement with the recommendation and believes that the agency current planning process is sufficient given the limited resources currently available in the programs. OCB is focusing its efforts on expanding the resources available in the program.

TA: OCB does not request TA.

3. **Policies and Procedures**

Observation: OCB does not have a policies and procedures manual for the OIB program. As a result, implementation of the program may be carried out inconsistently depending on the experience and familiarity of staff with current practices.

Recommendation: Develop an OIB specific policy and procedures manual.

Agency Response: The agency is in agreement with this observation and is in the process of nearing completion of a policy and procedures manual.

TA: OCB does not request TA.

OIB Program Compliance Findings and Corrective Actions

RSA identified the following compliance finding and corrective action that OCB is required to undertake. OCB 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 OCB.

Finding 1. OIB Policies and Procedures on Confidentiality

Legal Requirement: 34 CFR 367.4 applies 34 CFR 364.56(a) to the OIB Program. Section 364.56(a) states, "General provisions. The State Plan must assure that each service provider will adopt and implement policies and procedures to safeguard the confidentiality of all personal information, including photographs and lists of names..."

Finding: Review of OIB files and discussion with OIB and OCB administration indicate there are no written policies and procedures concerning the confidentiality of personal information. There is no policy and procedures manual for the OIB program, in general.

Corrective Action 1: OCB must adopt and implement policies and procedures that safeguard the confidentiality of personal information. In order to meet this requirement the policies and procedures must be in writing and must meet the requirements of 34 CFR 364.56. OCB may want to consider including such policies and procedures in a manual that covers other aspects of the OIB program.

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”