

**FISCAL YEAR 2009  
MONITORING REPORT ON THE  
VOCATIONAL REHABILITATION AND  
INDEPENDENT LIVING PROGRAMS  
IN THE STATE OF  
IOWA**



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

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## EXECUTIVE SUMMARY

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

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

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

Within Iowa, two agencies provide VR and SE services to individuals with disabilities. Iowa Vocational Rehabilitation Services (IVRS), located within the Iowa Department of Education (the designated state agency; DSA), serves individuals with disabilities, except for those who are blind and visually impaired. The Iowa Department for the Blind (IDB) provides VR and SE services to individuals who are blind and visually impaired.

IVRS and IDB each are responsible for the administration of a portion of the Part B funds in the state, and IDB is solely responsible for the administration of the OIB program.

### IVRS' Performance Over the Past Five Years

From FY 2003 to FY 2007, the IVRS employment rate increased from 45 percent to 59 percent, the number of new applicants decreased from 8,208 to 5,553, the number of individuals served decreased from 12,771 to 10,991, and the average hourly earnings for individuals who achieved employment increased from \$8.60 to \$9.77.

For the same period, of those individuals who achieved an employment outcome, the number who achieved a supported employment outcome decreased by 42 individuals, from 203 to 161. During this period, the average hourly wage for these individuals increased from \$6.52 to \$7.19.

Either directly, or through grants or contracts with centers for independent living (CILs) and other service providers, the number of individuals that IVRS's IL Program served in FY 2008 was 306, a decrease of 29 from FY 2007.

**Strengths and Challenges:** RSA identified the following programmatic strengths that contributed to IVRS's high or improved performance as well as the challenges IVRS faces in its efforts to improve its performance.

#### Strengths:

- use of VR assistants and associates to provide services directly to individuals, enabling VR counselors to devote more time to the provision of counseling and guidance;

- the emphasis on services to transition-age youths through several methods, including direct service provision by VR counselors; and
- the enhancement by IVRS and the SILC to their administrative structures, including the development of contracts for Part B services with specific outcomes, the hiring of a SILC executive director and obtaining state funding for IL within the last four years.

### **Challenges:**

- ensuring that the needs of all individuals are met under a service delivery model that emphasizes the direct provision of services by agency staff, rather than the purchase of services provided by CRPs and other vendors;
- ensuring there is sufficient capacity to provide supported employment services under the Iowa model;
- implementing the OOS in such a way to ensure that individuals do not withdraw from the program prior to service delivery;
- continuing to enhance and enforce new administrative structures for the IL program; and
- defining and marketing specific SILS services to be provided;
- properly developing and implementing third-party arrangements and other avenues of non-federal match to sustain program services;
- ensuring that Title 1 funds are only used for VR program purposes to benefit applicants or consumers of services;
- ensuring that costs counting towards satisfying a cost sharing or matching requirement are verifiable; and
- accurate fiscal reporting to ensure proper fiscal planning for services.

### **IDB Performance Over the Past Five Years**

During the period beginning in FY 2003 and ending in FY 2007, the IDB employment rate decreased from 88 percent to 82 percent, the number of new applicants decreased from 217 to 153, the number of individuals served decreased from 638 to 522, and the average hourly earnings for individuals who achieved employment increased from \$12.22 to \$13.25.

During the monitoring review, IDB indicated that its data concerning the individuals who achieved SE outcomes was incorrectly reported to RSA in recent years.

Either directly, or through grants or contracts with centers for independent living (CILs) and other service providers, the number of individuals that IDB's IL Program served was 34 individuals, a decrease of eight, and the number of individuals that IDB's OIB Program served decreased from 951 to 813.

**Strengths and Challenges:** RSA identified the following programmatic strengths that contributed to IDB's high or improved performance as well as the challenges IDB faces in its efforts to improve its performance.

**Strengths:**

- the provision of adjustment to blindness services to ensure that the individuals served through the VR program obtain and maintain employment;
- the provision of rehabilitation technology devices and training that enable individuals to obtain and maintain employment;
- effective fiscal administration of the VR and IL programs;
- the provision of IL and OIB services that consumers regard as critical components to increased independence;
- careful supervision and skill training of fiscal staff to ensure accountability and oversight of program funds; and
- commitment of fiscal staff to enhance program services through cost effective measures.

**Challenges:**

- the effective and efficient allocation of VR program resources to increase employment outcomes for individuals;
- ensuring that services to groups support VR employment outcomes;
- strategically using data to set meaningful agency goals;
- analyzing data to understand agency operations and to identify areas for improvement;
- assuring referral data is accurate; and
- developing and instituting a more comprehensive and effective outreach strategy.

## INTRODUCTION

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

In order to fulfill its monitoring responsibilities, RSA:

- reviews the state agency's performance in assisting eligible individuals with disabilities to achieve high-quality employment and independent living outcomes;
- identifies strengths, areas of consistently high performance, areas of improved performance, challenges and areas of performance that need to be improved;
- recommends strategies to improve performance;
- requires corrective actions in response to compliance findings; and
- provides technical assistance (TA) to the state agency in order to improve its performance, meet its goals, and fulfill its state plan assurances.

### Scope of the Review

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

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

### Appreciation

RSA wishes to express appreciation to the representatives of the State Department of Education, IVRS, IDB, the SRC, SILC, and the stakeholders who assisted the RSA monitoring team in the review of IVRS and IDB.

## CHAPTER 1: RSA'S REVIEW PROCESS

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### Data Used During the Review

RSA's data collections are finalized and available at different times throughout the year. RSA's review of IVRS and IDB began in the fall of 2008 and ended in the summer of 2009. When FY 2008 data became available toward the end of the review period, and if these data signaled a significantly different level of performance than the previous five year trend, RSA included the FY 2008 data in the report. Otherwise, this report relies primarily on RSA's FY 2007 data collections as the most recent data source for IVRS and IDB's performance.

### Review Process Activities

During the review process, the RSA Iowa state review team:

- gathered, shared, 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;
- provided technical assistance during the review process;
- identified areas of consistently high performance and areas of improved performance;
- identified promising practices;
- identified performance areas for improvement and recommended that IVRS and IDB undertake specific actions to improve their performance;
- identified compliance findings and required IVRS and IDB to take corrective action;
- in collaboration with IVRS and IDB, determined whether RSA would provide (directly or indirectly) technical assistance to improve its performance or correct compliance findings; and
- identified issues for further review.

### RSA Iowa State Review Team Review Participants

Members of RSA's Iowa state review team included representatives from each of the five functional units within RSA's State Monitoring and Program Improvement Division. The RSA review team was made up of the following individuals: Sean Barrett (Independent Living Unit); William Bethel and David Steel (Fiscal Unit); Carol Dobak, Brian Miller and Jessica Smith (Vocational Rehabilitation Unit); Fred Isbister (Technical Assistance Unit); and Steven Zwillinger (Data Collection and Analysis Unit).

### Information Gathering

During the latter part of FY 2008, RSA began its review of IVRS and IDB by analyzing information including, but not limited to, RSA's various data collections, IVRS' and IDB's VR

state plans and IVRS' IL state plan, and IVRS' SRC's Annual Report. After completing its internal review, the RSA team carried out the following information gathering activities with IVRS and IDB and stakeholders in order to gain a greater understanding of IVRS and IDB's strengths and challenges:

- conducted several teleconferences with VR and IL stakeholders;
- conducted numerous teleconferences with the IVRS and IDB management;
- conducted several teleconferences with IVRS' IL program staff, the statewide AT project, Protection and Advocacy for Assistive Technology staff, the Client Assistance Program (CAP) staff, SILC members and administrative staff, and IDB's Commissioners and OIB staff; and
- conducted an on-site monitoring visit from January 26 through February 6, 2009 and met with leadership and field staff of IVRS, IDB, CAP, Community Rehabilitation Programs (CRPs), and members of the SILC, SRC and IDB's Board of Commissioners.

## CHAPTER 2: IVRS VOCATIONAL REHABILITATION AND SUPPORTED EMPLOYMENT PROGRAMS

The following table provides data on the performance of IVRS' VR and SE programs in key areas from FY 2003 through FY 2007.

**Table 2.1**  
**IVRS Program Highlights for VR and SE Program for FY 2003 through FY 2007**

<b>Program Highlights</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Total funds expended on VR and SE	\$28,804,990	\$33,989,486	\$35,162,446	\$31,736,647	\$28,258,646
Individuals whose cases were closed with employment outcomes	2,086	2,113	2,121	2,126	2,130
Individuals whose cases were closed without employment outcomes	2,522	1,393	1,528	1,345	1,487
Total number of individuals whose cases were closed after receiving services	4,608	3,506	3,649	3,471	3,617
Employment rate	45.3%	60.3%	58.1%	61.3%	58.9%
Individuals whose cases were closed with supported employment outcomes	203	184	213	205	161
New applicants per million state population	2,791	2,846	2,699	2,311	1,857
Average cost per employment outcome	\$3,646	\$3,570	\$3,998	\$4,183	\$4,202
Average cost per unsuccessful employment outcome	\$1,812	\$1,894	\$2,067	\$2,050	\$2,228
Average hourly earnings for competitive employment outcomes	\$9.67	\$9.79	\$9.60	\$9.91	\$10.73
Average state hourly earnings	\$14.76	\$15.17	\$15.86	\$16.33	\$16.97
Percent average hourly earnings for competitive employment outcomes to state average hourly earnings	65.5%	64.5%	60.5%	60.7%	63.2%
Average hours worked per week for competitive employment outcomes	31	31	31	32	33
Percent of transition age served to total served	37.7%	39.6%	42.8%	40.7%	46.7%
Employment rate for transition population served	48.3%	65.0%	62.2%	68.6%	63.4%
Average time between application and closure (in months) for individuals with competitive employment outcomes	34	35	36	37	42
Performance on Standard 1	Met	Met	Met	Met	Met
Performance on Standard 2	Met	Met	Not Met	Not Met	Not Met

## **VR and SE Service Delivery**

IVRS administers fourteen area offices that deliver direct services to Iowans with disabilities statewide. Each area office is staffed with VR counselors, VR associates, and VR assistants. The fourteen offices are divided into the Eastern region and the Western region. An assistant bureau chief is assigned to each region with the responsibility of oversight and development of leadership teams.

Beginning in FY 2007, IVRS determined that it could provide VR services more efficiently and effectively directly to individuals with disabilities, rather than to rely upon CRPs for service provision. This approach was fully implemented by FY 2008 and VR counselors, assistants and associates now provide a majority of VR services, except for those that cannot be provided by staff. In keeping with this approach, VR counselors are responsible for job development and placement activities to a greater degree than prior to the implementation of this service delivery model. In addition, VR assistants provide intake services, consumer orientation, clerical support, and job clubs. VR associates arrange accommodations, conduct intake, conduct labor market research and provide other support services to VR program participants after they are determined eligible for services.

### **Order of Selection**

IVRS established an order of selection in 1997, with three priority categories. In 1999, the agency reduced the number of functional limitations from four to three in order to assign individuals to priority category 2, “most significantly disabled.” IVRS refers to its priority categories as 2, 4, and 6, or “most significantly disabled,” “significantly disabled,” and “all other eligible individuals,” respectively.

In FY 2006, IVRS closed all priority categories in order to assess its ability to meet all outstanding fiscal obligations and encumbrances. After a brief period, priority category 2 was opened. Beginning in FY 2008, the agency’s established practices allow for the regular moving of individuals from categories 4 and 6 into active status, while still not officially opening these categories or eliminating the order of selection. In FY 2009, at the time of this review, category 2 remained open while categories 4 and 6 were closed. IVRS reviews its ability to serve all eligible individuals on a weekly basis and routinely moves individuals off the waiting list and into active status at that time. See Appendix B for a detailed history of the agency’s implementation of its order of selection.

### **Supported Employment**

Currently, IVRS works with a total of 72 CRPs to provide SE services. In FY 2006, to address concerns regarding the decreasing numbers and quality of SE outcomes, IVRS collaborated with the Iowa Department of Human Services (DHS), the Iowa State Association of Counties, and the CRPs to develop a new model for the provision of SE services. Implemented in February 2008, the model assigns responsibility for the provision of SE services to IVRS or DHS, depending on the eligibility of the individual with the disability for Medicaid waiver funds that can be used for this purpose and the number of hours to be worked.

Regional teams throughout the state are responsible for the identification of gaps in services, the resolution of conflicts and the evaluation of the model. Through client teams, the VR counselor, case manager, the CRP, school personnel (if the individual is a transition-age youth), the central coordinator, and the consumer representative collaborate to assist individuals to achieve SE outcomes.

The client teams are required to develop a customized training plan for each individual receiving SE services that identifies the SE outcome, the specific skills required to perform the job, the training necessary to develop the individual's skills, timelines for the provision of the training, and the point at which extended services will be provided and the level of these services. The client team also uses the customized training plan to evaluate the success achieved by the individual during training and on the job.

Under this model, IVRS emphasizes the direct provision of services by its personnel. VR counselors are now responsible to a greater degree than prior to the model's implementation for job development and collaboration with individual employers. Based on data from the RSA-911 Case Service Report, in FY 2007, IVRS assisted 161 individuals to achieve SE outcomes, a figure that decreased to 115 individuals in FY 2008.

### **Transition Services**

Since the late 1980s, Iowa has used the non-categorical method to determine the eligibility of students for special education services. Through the non-categorical method, school personnel appropriately identify children as having disabilities pursuant to implementing regulations for the Individuals with Disabilities Education Act (IDEA), without requiring that students be classified by their disabilities or assigned specific labels.

In FY 2007, 47 percent of all IVRS applicants were between the ages 14 and 24. From FY 2003 through FY 2007, the percent of transition-age youths served of the total served (in terms of closed cases) increased from 38 percent to 47 percent. The number of transition-age youths determined eligible for VR services increased from 839 in FY 2003 to 1,071 in FY 2007. The employment rate for transition-age youths also increased from 48 percent in FY 2003 to 63 percent in FY 2007. Additionally, the agency's performance with respect to measures that assess the quality of the outcomes achieved by transition-age youths also improved. See Table 2.2 below.

**Table 2.2**  
**IVRS Closure Types for Transition-Age Youths (ages 14-24) Using Age at Application for**  
**FY 2003 through FY 2007**

<b>Closure Type</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Percent of transition-age youths served to total served	37.7%	39.6%	42.8%	40.7%	46.7%
Employment rate	48.3%	65.0%	62.2%	68.6%	63.4%
Exited with an employment outcome, after receiving services- number	839	903	971	968	1,071
Percent	25.5%	31.4%	30.7%	32.7%	30.7%
Exited without an employment outcome, after receiving services - number	899	486	589	444	619
Percent	27.4%	16.9%	18.6%	15.0%	17.8%
Average hourly earnings for competitive employment outcomes	\$9.20	\$9.43	\$9.30	\$9.54	\$10.61
Average hours worked per week for competitive employment outcomes	34.46	34.71	33.99	34.43	35.68
Closed with competitive employment outcomes at 35 or more hours per week	564	609	633	637	777
Percent	68.2%	68.5%	66.1%	66.4%	73.0%
Closed with competitive employment outcomes at SGA level at 35 or more hours per week	564	608	633	637	772
Percent	67.2%	67.3%	65.2%	65.8%	72.1%
Closed with competitive employment outcomes with employment employer-provided medical insurance	403	431	430	426	586
Percent	48.7%	48.5%	44.9%	44.4%	55.1%

IVRS developed a new transition model that focuses on direct service delivery and collaboration with the schools and parents of transition-age youths. Currently, at least one VR counselor is assigned to every high school in Iowa. Since IVRS is not able to increase the number of staff in the schools (Iowa was operating under a statewide hiring freeze during the time of this review), IVRS works with the schools on increasing the time the VR counselors can spend in the schools.

In addition to the new transition model, IVRS provides traditional transition services through the Collaborative Transition Protocol (CTP). The CTP began as a result of Iowa moving to a non-categorical approach for determining special education eligibility, which reduced the availability of standardized intellectual testing used to determine eligibility for IVRS services. In turn, there was an increase in IVRS funds used to determine eligibility for the VR program. Additionally, the quality and relevance of information shared between the schools and IVRS began to decrease. In response to the non-categorical approach, IVRS and the Area Education Agencies (AEA) developed a process for sharing information, called the CTP, which was field-tested and implemented in one AEA in Iowa. The field testing and limited implementation showed that there was an increase in IVRS referrals, a decrease in IVRS evaluation costs, more relevant

information contained in the IEP, and improved collaborative relationships between teachers and IVRS staff.

Through the CTP, IVRS, the Iowa Department of Education, Iowa AEAs, and local Iowa high schools engage in a series of collaborative activities and strategies that promote the sharing of relevant information to assist in the development of an IEP, the determination of IVRS services, and the development of an IPE. In 2008, the CTP was being implemented in one AEA. IVRS intended to expand the use of the CTP in four more AEAs in 2009.

IVRS also collaborates with the school systems to provide enhanced transition services through third-party cooperative arrangements, known as the Transition Alliance Program (TAP). Services provided through the TAP projects include: classroom instruction that provide opportunities for career exploration and the development of job readiness skills; independent living and community mobility skills training; competitive employment work experiences in community-based work sites; exploration of post-secondary education; and follow-along and follow-up services to maintain communication with the individual once a placement is obtained.

## **Personnel**

IVRS has 252 employees, excluding the Disabilities Determinations Services Bureau. Table 2.3 below presents the breakdown of the number of staff and vacancies for each position as of June 2009. Of the total, 109 are VR counselors (including two VR counselor specialists), 16 are VR associates, and 20 are VR assistants. IVRS has vacancies for 12 VR counselors, four VR associates and six VR assistants.

**Table 2.3**  
**IVRS Personnel Data Demonstrating Job Categories, Number of Staff in Each Category**  
**and the Number of Position Vacancies for FY 2009**

<b>Position</b>	<b>Number of Staff</b>	<b>Number of Vacancies</b>
Executive Officer	2	1
Budget Analyst	2	
Information Specialist	1	
Human Resources	1	1
Public Service Supervisor	1	
Public Service Executive	6	
Rehabilitation Assistant	20	6
Rehabilitation Associate	16	4
Rehabilitation Counselor	107	12
Rehabilitation Counselor Specialist	2	
Rehabilitation Supervisor	15	
Clerk	3	
Secretary	27	0.5
Typist Advanced	11	
Word Processor	8	
Information Tech Specialist	7	3
Information Tech Administrator	1	
Accounting Technician / Clerk	6	2
Accountant	2	
Administrative Assistant	3	
Program Planner	3	
Custodial Worker	2	
Trades Helper	1	
Maintenance Engineer	0	1
Resource Manager	4	
Administrative Consultant	1	
<b>TOTAL</b>	<b>252</b>	<b>30.5</b>

To ensure a high standard of competency and credentials for its qualified rehabilitation professionals under the comprehensive system of personnel development (CSPD), IVRS requires its VR counselors to possess a master's degree in rehabilitation counseling, counseling and guidance, or a related field which includes a course in theories of counseling. In rural areas of the state where IVRS has difficulty recruiting candidates with the master's degree, or to offer a Rehabilitation Counseling graduate student paid employment while completing the internship, IVRS will consider hiring a person that has completed 24 hours or more of graduate work in counseling,

including a course in theories of counseling, and the equivalent of one year of full-time experience performing professional vocational rehabilitation counseling services. Persons hired under this standard must agree to attain the required master's degree within a reasonable period of time.

In the FY 2009 state plan, IVRS reported that 94 percent of VR counselors met the academic standard cited for national certification, 100 percent met the minimum state personnel standards, and six percent (or seven VR counselors) did not have a master's degree. Of these seven VR counselors, two were enrolled in a master's degree program in rehabilitation counseling, and the other five were not enrolled in training as they will be eligible to retire in 2010.

## **Data Management**

IVRS integrates the use of data into agency operations and to support management decisions. IVRS staff undertake continuing efforts to increase their skills in analysis and interpretation of data. Detailed data about agency operations are primarily available to managers and are not equally accessible by all IVRS staff. At the time of the review, program and fiscal data did not appear to be integrated into a single data management system. This made it difficult to integrate program and fiscal perspectives in management operations and planning activities.

## **Quality Assurance**

IVRS has implemented a Quality Assurance (QA) system that focuses primarily upon case management practices including meeting required timelines and customer satisfaction assessment for selected groups of agency consumers. The QA system meets the requirements that IVRS established for the QA system.

## **Planning**

IVRS's planning processes focus on the annual development of the VR state plan. The FY 2009 plan contains six goals, which include improving the rehabilitation of individuals from diverse backgrounds, increasing services to individuals who are deaf and hard of hearing, and improving the quality of SE outcomes.

IVRS provides information to the Iowa Department of Education, the SRC, and state legislator regarding agency goals and plans. The vast amount of planning information that IVRS provides to outsiders describes in considerable detail the goals, strategies, measures, targets, interim targets, data sources for assessing results, and identifies responsible staff members.

## **Promising VR and SE Practices Identified by IVRS and Stakeholders During the Review Process**

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

## 1. The Governance Group

In 1998, the State of Iowa developed an effective, collaborative working relationship among seven State agencies, known as the Governance Group, to identify and resolve barriers related to employment services for individuals with disabilities. This concept is similar to any of the federally mandated coordinating or consultative committees that appear in educational legislation. The partners to this agreement are:

- Iowa Department for the Blind;
- Iowa Department of Education;
- Iowa Department of Human Rights, Division of Persons with Disabilities;
- Iowa Department of Human Services;
- Iowa Governor's Developmental Disabilities Council;
- Iowa Vocational Rehabilitation Services; and
- Iowa Workforce Development

In 2003, the members of the Governance Group signed a memorandum of agreement that provided a foundation for collaboration that demonstrates the partners' commitment to enhancing employment services for Iowans with disabilities through ongoing activities. The Governance Group continues to meet and provide oversight to key systems-change initiatives that are making an impact on the coordination of employment services and on the ability of the State to maximize the resources of all the State partners.

### **VR and SE Programs Technical Assistance Provided to IVRS During the Review Process**

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

- making the VR program policies and procedures available to the public on IVRS's website;
- revisions to the definition of category 2 under the order of selection. In FY 2006, a panel of VR counselors and managers expanded the definition of category 2 to include references to the impact of employment status and history on an individual's functional limitations. This change went into effect on March 15, 2007. Subsequent technical assistance from RSA during the course of the FY 2009 review resulted in a policy directive revoking this modification so that the language defining category 2 only includes references to functional limitations of the individual; and
- training to IVRS managers on strategic planning and how to establish measurable goals and performance measures and how to incorporate those goals and measures into the VR state plan.

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

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

- the newly developed collaborative transition protocol is receiving positive feedback from the limited field offices where it is being implemented;
- supported employment cases had declined steadily since FY 2006 prompting IVRS to reassess its supported employment service delivery model;
- the SRC is encouraging IVRS to decrease its reliance on match funds obtained through third-party cooperative arrangements;
- relationships with CRPs are strained in some areas of the state;
- there is a need to balance direct service delivery with purchased services; and
- there is a need for more purchasing of equipment, such as computers, for individuals served.

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

### Continuing Education Needs of IVRS Staff

RSA solicited input from IVRS and its stakeholders to identify the following continuing education needs of IVRS staff:

- training for VR counselors on how to use and analyze data in RSA's MIS;
- training on VR and SE program regulations for VR associates and VR assistants; and
- training on the effective use of the new case management system for all staff.

### VR and SE Performance Observations and RSA Recommendations

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

#### 1. Attrition

**Observation:** More than one quarter of the individuals determined eligible by IVRS exit the program without an employment outcome and before receiving services.

- In FY 2007, 24 percent of all individuals whose cases were closed by IVRS exited the VR program from the order of selection waiting list, while 24.3 percent exited without an employment outcome after they were determined eligible and before an IPE was implemented.
- Between FY 2003 and FY 2007, the rate of eligibility increased, while the rate of individuals who are in an individualized plan for employment (IPE) decreased. This may

be due to a concomitant increase in the average time between an eligibility determination and the implementation of an IPE. See Table 2.4 below.

**Table 2.4**  
**IVRS Closure Types demonstrating Attrition for FY 2003 through FY 2007**

Types of Closures	2003	2004	2005	2006	2007	General Agencies Average 2007
Total Closures	8,612	7,663	7,800	7,129	8,224	12,878
Exited without an employment outcome, after a signed IPE, but before receiving services	197	148	184	202	229	166
Percent of total closures	2.2%	1.9%	2.4%	2.8%	2.8%	1.0%
Exited without an employment outcome, after eligibility, but before an IPE was signed	2,048	2,209	2,390	1,954	1,995	3,207
Percent of total closures	23.7%	28.8%	30.6%	27.4%	24.3%	24.9%
Individuals exiting after eligibility prior to receiving services	2,245	2,357	2,574	2,156	2,224	1,904
Percent of total closures	26.1%	30.8%	33.0%	30.2%	27.0%	25.9%

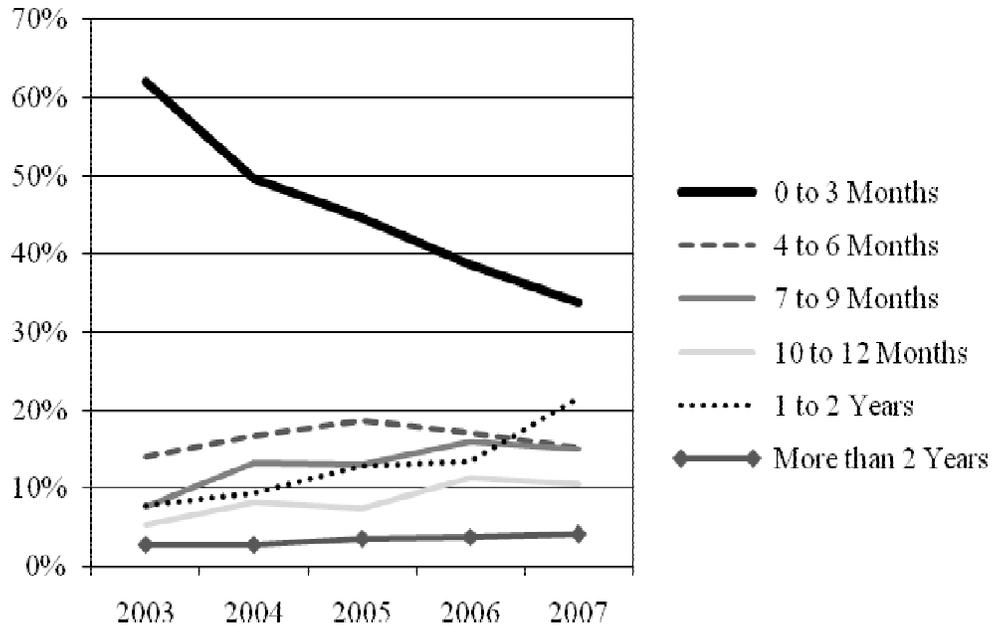
- The agency's standard for IPE development is 120 days. In FY 2007, only 48.8 percent of individuals who achieved an employment outcome had an IPE developed in less than six months, which is down from 76.2 percent in FY 2003. This is also substantially lower than similarly situated peers and the average for general agencies. This trend is also true for individuals who exit the VR program without an employment outcome. See Table 2.5 and Figures 2.1 and 2.2 below.
- In FY 2003, 7.9 percent of individuals who achieved an employment outcome had an IPE developed within 1-2 years after determined eligible, which increased to 21.5 percent in FY 2007. This is also substantially higher than similarly situated peers and the average for general agencies. This trend is also true for individuals who exit the VR program without an employment outcome. See Table 2.5 and Figures 2.1 and 2.2 below.

**Table 2.5**  
**IVRS Time from Eligibility to Plan Compared to Peers for FY 2007**

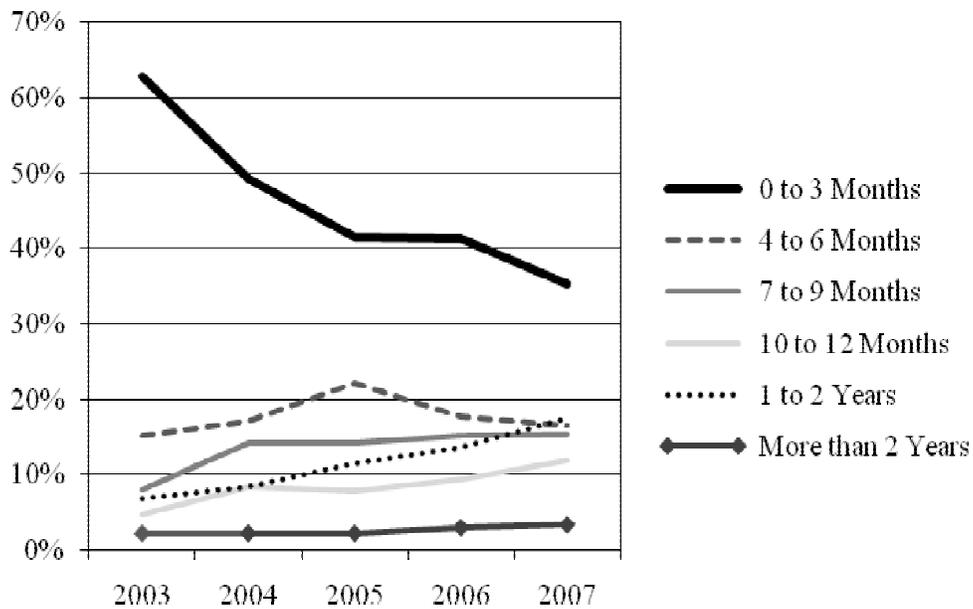
Time from Eligibility to Plan	IVRS	AR-G	CT-G	NM-G	OR-G	General Agencies
6 months or less with employment	48.8%	97.8%	87.4%	95.2%	85.0%	82.8%
6 months or less without employment	49.9%	98.4%	81.9%	95.5%	81.9%	81.3%
1 to 2 years with employment	21.5%	0.5%	4.2%	0.5%	3.5%	4.9%
1 to 2 years without employment	17.6%	0.3%	4.8%	0.4%	5.4%	4.8%

Note: Peer Agencies are selected based on relative grant sizes

**Figure 2.1**  
**IVRS Time from Eligibility to IPE for Individuals with Employment Outcomes for**  
**FY 2003 through FY 2007**



**Figure 2.2**  
**IVRS Time from Eligibility to IPE for Individuals without Employment Outcomes for**  
**FY 2003 through FY 2007**



- For transition-aged youths, the overall number of IPEs increased between FY 2003 and FY 2007, but the timeliness of IPE development decreased with 46.7 percent developed within three months from the date of eligibility in FY2003, to 27.5 percent in FY2007. Additionally, from FY 2003 to FY 2007, the number of students who exited the VR program without employment outcomes, after an IPE was developed but prior to the delivery of services increased. In FY 2007, 795 transition-age youths exited the program following the determination of eligibility but before the provision of services after waiting 19 months.
- VR counselor performance is in part measured by the rehabilitation rate of the individuals who leave the program after services are received. Some counselors have reported that they encourage individuals who they feel will not be successful in their vocational goal to leave the program prior to receiving services in order to improve their rehabilitation rates.
- IVRS recently implemented an aggressive benefits counseling program that agency managers believe accounts for a substantial number of the individuals who exit the program prior to receiving services.
- IVRS experiences challenges, such as insufficient psychological documentation in school records, when serving transition-age youths due to the non-classification model utilized by Iowa schools. IVRS is in the process of implementing a model for affecting a more seamless process for serving transition-age youths, which IVRS believes will enhance the quality and quantity of interaction with students with the expectation this will lower the attrition rate for this population.

**Recommendation 1:** RSA recommends that IVRS:

- 1.1 convene a task force including VR counselors and supervisors to identify the primary causes for individuals exiting the program after eligibility and prior to receiving services;
- 1.2 in coordination with 1.1, identify issues and enact a strategic plan that addresses systemic delays in the development and implementation of IPEs;
- 1.3 review the benefits counseling program to identify any components that might be inadvertently discouraging individuals from pursuing a vocational goal; and
- 1.4 explore the option of assessing VR counselor performance based on individuals who exit the program after eligibility, but before services are received.

**Agency Response:**

1.1 IVRS disagrees with this recommendation because it believes that it has identified the primary causes for individuals exiting the program. IVRS has examined the data, as well as other information, and has concluded that the majority of the cases closed before planning were due to the following reasons:

- a. many closures were cases that had been on the waiting list since 2002;
- b. the length of time from waiting list placement to release was extensive; and
- c. cases closed from Status 10 primarily were cases that had remained on the waiting list and were moved to Status 10 without checking to determine if the person was still interested.

1.2 IVRS disagrees because it believes it has a strategic plan already in place

Further, the Monitoring Report fails to consider an important factor when assessing systemic delays: exclusion of the waiting list date. The data presented on delays of writing the IPE did not factor in that when a client is released from the waiting list, the eligibility date from the waiting list is carried forward. Since clients had been placed on the waiting list, some had been on the list since 2002, and many had been on the list for over two years.

The following table reflects IVRS' calculation for time of eligibility to plan development taking into consideration the exclusion of the waiting list date.

Time from Eligibility to Plan	IVRS
6 months or less with employment	71.1%
6 months or less without employment	71.0%
1 to 2 years with employment	10.6%
1 to 2 years without employment	9.7%

1.3 IVRS disagrees with this recommendation because it does not have any authority or control over the benefits planning program. Iowa Workforce Development operates the benefits planning program, which is financially supported by SSA. SSA and DOL have designed the program to advise clients of their benefits and work incentives so that they can make an informed choice in collaboration with benefits planning team before initiating services through many agencies. Because this is an SSA and DOL program administered by Iowa Workforce Development, IVRS lacks any authority or control over the content of the benefits planning program.

1.4 IVRS agrees. In fact, IVRS has, since 2007, evaluated counselors' performance using planning goals, which considers the number of individuals who exit the program after eligibility, and will continue to do so.

**RSA Response:** With respect to 1.2, RSA's analysis included review of the data submitted by IVRS, and the attrition rate reflects the time spent on the waiting list. As indicated in the observation, RSA determined that the waiting list is a significant factor contributing to the attrition rate. RSA encourages IVRS to explore other factors contributing to the attrition rate, apart from the waiting list.

**Technical Assistance:** IVRS does not request technical assistance.

## 2. Order of Selection

**Observation:** IVRS maintains an order of selection with three categories, two of which remain closed despite the agency's ability to routinely move individuals off the waiting list.

- Individuals assigned to category 4 and 6 are briefly put on a waiting list before being moved to active status as IVRS assesses its ability to serve all eligible individuals on a weekly basis.

- In FY 2007, a total of 8,224 individuals exited the VR program, 2,224 (27.04 percent) of whom exited without an employment outcome and prior to receiving services. Of these 2,224 individuals, 1,977 exited from the waiting list. (See observation 1, above, regarding IVRS attrition rates).
- In FY 2008, a total of 7,681 individuals exited the VR program, 2,146 having achieved an employment outcome and 5,535 without achieving employment. Of the latter group, 3,231 exited after eligibility, but before receiving any services. Of those individuals, 711 left the program while still on the waiting list.

**Table 2.6**  
**IVRS Individuals in Order of Selection for FY 2007 through FY 2008**

<b>Fiscal Year</b>	<b>Total On OOS Wait List, On Hand October 1</b>	<b>Total on OOS Wait List This FY from Application</b>	<b>Total on OOS Wait List at End of Period</b>	<b>Total Eligible, Before Plan, This FY from OOS</b>	<b>Total. Closed From OOS Waiting List</b>
2007	5,813	4,118	1,246	6,710	1,977
2008	1,246	4,168	154	4,551	711
<b>TOTALS</b>	<b>7,059</b>	<b>8,286</b>	<b>1,400</b>	<b>11,261</b>	<b>2,688</b>

- IVRS continues to see a significant number of individuals exiting the VR program from the waiting list. IVRS began FY 2007, with 5,813 individuals on the waiting list and added 4,118 new applicants to the list during the fiscal year. By September 30, 2007, there were 1,246 individuals still waiting to be served. In FY 2008, the agency began the year with 1,246 individuals on the waiting list, added 4,168 new applicants to the waiting list during the year, and ended the year with just 154 individuals still waiting to be moved to active status to receive services. During this period, a total of 2,688 individuals exited the VR program from the waiting list, i.e., after being determined eligible, but before receiving services (1,977 in FY 2007, 711 in FY 2008).

**Recommendation 2:** RSA recommends that IVRS:

- 2.1 eliminate the waiting list by opening categories 4 and 6; and
- 2.2 assess the impact and outcome of eliminating the waiting list, including the number and percentage of individuals who exit the VR program after eligibility but before receiving services.

**Agency Response:**

- 2.1 IVRS agrees, and it has opened categories 4 and 6. Since May 2009, IVRS has released all cases on the waiting list at the end of each week. This means, as a practical matter, that no consumer experiences any delay in services. IVRS anticipates, however, another shortfall of funds by late 2011 to serve all eligible consumers due to increased referrals.
- 2.2 IVRS agrees. It believes that it has been doing so. IVRS has been assessing the impact of eliminating the waiting list since 2002. IVRS uses a Workforce Planning Model to do so. IVRS developed the Workforce Planning Model when there were almost 5,500 individuals on the waiting list in 2006.

**RSA Response:** RSA recognizes IVRS' efforts to minimize the time spent on the wait list by moving individuals into active status on a regular basis. Technically, categories 4 and 6 remain closed, and individuals are initially placed on the waiting list, even if only briefly.

**Technical Assistance:** IVRS does not request technical assistance.

### 3. Purchased Services

**Observation:** Over the past several years, there has been a decrease in purchased services by IVRS. Between 2003 and 2006, there was a shift in focus at IVRS requiring staff to provide direct services and purchase only those services that cannot be provided by IVRS staff.

- According to IVRS, staff provide the following types of services directly: job placement, counseling and guidance, adjustment to disability services, career exploration, job shadowing, arranging internships, customized training, small business development, and assistive technology (AT) evaluations. IVRS staff are permitted to purchase services for the following items: placement clothing, mental health counseling, physical restoration services, academic and vocational training, specialized TA for small businesses, and AT / vehicle modifications.
- Stakeholders reported that IVRS will not purchase certain types of equipment, unless the VR counselor obtains an exception from a supervisor. For example, IVRS may purchase adaptive computer software for an individual, but will not purchase the computer on which the individual can use the software.
- IVRS spends less on purchased services than its peer agencies. In FY 2007, IVRS spent \$8.8 million on purchased services, while the average for similarly situated agencies was \$12.3 million in purchased services. See Table 2.7 below.
- IVRS spent less on purchasing assessments. Funds spent on purchased assessments decreased from \$2.6 million in FY 2004 to \$743,581 in FY 2007. In FY 2007, the average spent on purchased assessments for similarly situated agencies was \$1.7 million. See Table 2.7 below.
- IVRS spent less on purchasing placements. Funds spent on purchased placements decreased from \$1.5 million in FY 2004 to \$526,793 in FY 2007. See Table 2.7 below.

**Table 2.7**  
**IVRS Purchased Services for Individuals Served for FY 2004 through FY 2007**

Purchased Services	2004	2005	2006	2007	Peer Average 2007
Purchased Services	\$15,071,583	\$14,055,768	\$11,944,065	\$8,795,768	\$12,334,192
Percent	44.34%	39.97%	37.63%	31.13%	35.77%
Assessment (Purchased Only)	2,645,314	2,300,196	1,583,470	743,581	1,745,974
Percent	17.55%	16.36%	13.26%	8.45%	14.16%
Placement (Purchased Only)	1,554,217	1,212,396	944,853	526,793	643,458
Percent	10.31%	8.63%	7.91%	5.99%	5.22%

- On a monthly basis, the IVRS budget team reviews VR program data as well as internal financial status reports to determine what services can be provided and funded within the

following month. IVRS's carryover has increased from \$0 in FY 2005 to \$9.2 million in FY 2008. (Refer to Chapter 3 for more details on carryover.)

- Stakeholders and staff reported that as a result of the shift to direct service delivery, the VR program is receiving more positive feedback from the community. Since IVRS is more involved with the individual's case from start to finish, the individual recognizes IVRS as the entity that provided assistance, rather than another service provider.

**Recommendation 3:** RSA recommends that IVRS:

3.1 develop a tool and use it to evaluate the internal service delivery model. Such tool should include a component to obtain staff feedback. IVRS should then make adjustments to the service delivery model as necessary; and

3.2 develop a fiscal planning tool that will enhance collaboration between program and fiscal staff to more effectively deliver VR services (whether purchased or direct) for clients.

**Agency Response:**

3.1 IVRS disagrees with this recommendation because it believes that it has developed and is using a tool to evaluate the internal service delivery model. IVRS has been using the existing data points to assess the service delivery model. This tool allows IVRS to assess:

- a. timeframes from intake to eligibility;
- b. timeframes from eligibility to planning;
- c. lapse in review dates (no more than 10%);
- d. number of 26s;
- e. number of assignments; and
- f. number of plans developed.

On-site interviews were held with staff to solicit feedback, provide guidance on alignment with the model and job classifications, and assess progress according to the implementation rubric. This is a continual process.

3.2 IVRS disagrees because it has already developed a fiscal planning tool that enhances collaboration between fiscal and program staff. It has developed an extremely accurate sustainability model, which requires program and fiscal staff to collaborate. Under the sustainability model, fiscal and program staff are part of the Budget Team. Each month the Budget Team discusses costs, service delivery, staffing patterns, and other matters and decides how to effectively deliver vocational rehabilitation services.

**RSA Response:** RSA recommends that IVRS include VR clients and community stakeholders in its evaluation process.

**Technical Assistance:** IVRS requests technical assistance.

#### 4. Capacity of Staff to Provide Direct Services

**Observation:** IVRS may not have sufficient staff resources to provide direct services in accordance with its service delivery model.

- To support the implementation of the direct service delivery model (see Observation 3 above), IVRS engaged in workforce planning in which it analyzed the optimal caseload size and staffing patterns. This analysis revealed that VR counselors were spending approximately 25 to 30 percent of their time on case management. IVRS determined that restructuring would provide an opportunity for creating more efficient ways for staffing cases and providing service delivery. Thus, IVRS reorganized and restructured its staffing patterns to include a more active role of the paraprofessional and support staff in the VR caseloads.
- IVRS has several levels of staff that directly support field operations. The field staff is comprised of rehabilitation assistants, rehabilitation associates, vocational rehabilitation counselors and office supervisors. Rehabilitation assistants provide intake services, consumer orientation, clerical support, and job clubs. Rehabilitation associates arrange accommodations, conduct intakes, conduct labor market research and provide other support services to consumers of the agency after eligibility determination.
- A number of VR counselors, VR associates and VR assistants reported that they are unclear about role distinctions and responsibilities. The agency has inconsistent staffing patterns from office to office, and some offices do not have any rehabilitation assistants and rehabilitation associates. The agency has strong training components for staff and with additional ongoing training in such areas as the Rehabilitation Act, regulations and other disability-related subjects, staff competencies would improve.
- Stakeholders and staff reported a concern that IVRS is operating at maximum staff capacity. Some field offices have staffing shortages and stakeholders are concerned that there is not enough staff to provide a high level of direct services in all field offices.
- Stakeholders and staff reported that IVRS needs to strike a better balance between direct service delivery and purchased services. Some staff and stakeholders believe that the pendulum has swung too far in the direction of only providing direct service delivery. Some staff reported feeling overwhelmed with work and not able to purchase services if necessary. Staff reported that communication regarding what the leadership expects of staff is not always clear in terms of balancing direct service delivery with purchased services.

**Recommendation 4:** RSA recommends that IVRS:

- 4.1 initiate a mechanism to share best practices for field staff in terms of roles and responsibilities for vocational rehabilitation counselors, rehabilitation associates and rehabilitation assistants to improve the agency operations;
- 4.2 clarify and codify job descriptions for the three levels of field staff to improve the overall effectiveness of staff;
- 4.3 initiate ongoing training of staff in the Rehabilitation Act, regulations and other disability related topics to build capacity in the field; and
- 4.4 evaluate whether there is sufficient staff capacity to provide direct services effectively.

**Agency Response:**

- 4.1 IVRS agrees with this recommendation; however, it believes that it has developed and is using a mechanism to share best practices for field staff. IVRS has several existing mechanisms that share best practices. In particular, IVRS uses:

- a. employee orientation to define roles and responsibilities;
- b. the Implementation Rubric to assist staff in understanding their work activities;
- c. the Learning Labs give staff opportunities to apply their roles within given scenarios;
- d. the IVRS Intranet incorporates “Success Stories,” staff profiles, resource information and best practices; and,
- e. the committee structure and local Logic Model Planning as well as staff dialogue on implementation.

4.2 IVRS disagrees. Rather, it believes that current job descriptions help improve the overall effectiveness of staff. All our current jobs and classifications have been vetted through the Iowa Department of Administrative Services, Human Resources Enterprise. This extensive process was initiated after considerable research on the work activities of all staff positions. Our workforce planning is an ongoing process and will continue to include close review of individual, office, and organizational effectiveness and efficiencies.

4.3 IVRS agrees, and it has started training its staff. In July 2009, IVRS researched and implemented a leadership development program. The leadership program goes beyond the regulations—incorporating the regulations, policy, and philosophy of IVRS—to develop the next generation of leaders for the field.

4.4 IVRS agrees with this recommendation. In fact, it has been evaluating staff capacity. IVRS regularly evaluates the staff capacity. IVRS discusses staff capacity issues during the monthly Budget Team meetings where fiscal and program management staffs participate. In particular, the Budget Team evaluates staff capacity when it analyzes: lapsed dates, caseload size, optimal caseload size per classification, outcomes, and alignment analysis. Currently staff capacity is limited primarily by the state hiring freeze.

**Technical Assistance:** IVRS requests technical assistance with 4.1 and 4.2.

## 5. Supported Employment and Use of CRPs

**Observation:** From FY 2004 through 2008, measures related to the quality of the SE outcomes achieved have remained steady or have increased. However, during this same period, IVRS has assisted a decreasing number of individuals to achieve SE outcomes.

- From FY 2004 through FY 2008, the average weekly earnings of individuals who achieved SE outcomes increased from \$129.00 to \$167.00. Although the average number of hours worked per week by individuals with SE outcomes increased from 18 hours in FY 2004 to 21 hours in FY 2008, this figure has remained steady for the past three years. Finally, from FY 2004 through 2008, the average hourly wages earned by individuals with SE outcomes increased from \$6.60 to \$7.78. See Table 2.8 below.

**Table 2.8**  
**IVRS Supported Employment Quality Indicators from FY 2004 to FY 2008**

<b>Performance Measures</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Average Weekly Earnings	\$129	\$120	\$144	\$163	\$167
Average Hours Worked per Week	18	18	21	21	21
Average Hourly Wage	\$6.60	\$6.30	\$6.70	\$7.19	\$7.78

- IVRS assisted a total of 213 individuals to achieve SE outcomes in FY 2005, a figure that decreased by 52 individuals in FY 2007, to a total of 161. The number of individuals with SE outcomes continued to decrease significantly in FY 2008, when IVRS assisted a total of 115 individuals to achieve SE outcomes, 46 fewer than the prior year. See Table 2.9 below.

**Table 2.9**  
**IVRS Supported Employment Outcomes for FY 2004 through FY 2008**

<b>Fiscal Year</b>	<b>Total SE Outcomes</b>
2004	184
2005	213
2006	205
2007	161
2008	115

- Although IVRS implemented the current model for delivery of SE services statewide in February 2008, the agency indicates that the privatized Medicaid waiver program in Polk County has been resistant to the implementation of the model. Based on data provided by IVRS for FY 2008, the agency collaborated with CRPs to assist 15 individuals to achieve SE outcomes in Polk County, the state's most populous county. In comparison, CRPs in other less populated areas of the state where the model has been implemented have performed as well. For example in FY 2008, IVRS collaborated with CRPs to assist 13 individuals in Iowa City and 12 individuals in Dubuque to achieve these outcomes.
- CRPs indicated that with the implementation of the current SE model and an outcome-based contract establishing fixed milestone payments, they have experienced a reduction in revenues from IVRS. As a result of this decline in revenue, a number of the CRPs terminated SE staff and now rely more heavily on county Medicaid funds to support program operations.
- IVRS intends to evaluate the current SE model on the rate at which individual's return to the agency for SE services, the satisfaction of the employers with the client training plan, individual consumer satisfaction and collaboration/problem solving among the partners in the provision of SE services.
- Written descriptions of the SE model and information provided by VR counselors during the on-site visit indicated that IVRS did not serve individuals who worked ten or fewer hours per week. During the course of monitoring, IVRS changed this practice under the model as follows:

- IVRS now provides SE services to individuals who work ten or fewer hours per week;
- if the individual is eligible for Medicaid waiver funds, DHS is responsible for the purchase of job coaching and other related services from vendors;
- for these individuals, IVRS provides counseling, job placement, and other VR services; and
- IVRS will determine if an individual who, at the time of placement, is working ten or fewer hours per week has achieved a successful employment outcome. If the individual is working ten or fewer hours per week for reasons not related to his or her disability, IVRS may determine that the individual has not achieved a successful employment outcome.

**Recommendation 5:** RSA recommends that IVRS:

- 5.1 expand the methodology for the evaluation of the current SE model, through which it can measure regional or county-level differences in the number and quality of SE outcomes over time, and determine the causes for differences in performance among the regions or counties;
- 5.2 based on the data obtained through the evaluation of the SE model, establish measurable goals for the program statewide and on a regional basis, along with strategies for the improvement of performance;
- 5.3 track data regarding the performance of CRPs for the establishment of a “report card” system to increase CRP accountability and to improve the quality and quantity of outcomes;
- 5.4 negotiate an approximate number of referrals to each CRP per year so that CRPs will have incentives to hire staff, build stronger supported employment initiatives, and expand services to IVRS clients;
- 5.5 develop contracts with CRPs that take into consideration factors affecting rehabilitation rates, wage levels and benefits, establish contract goals related to these factors and determine any financial impact based on success in meeting these goals; and
- 5.6 revise written descriptions of the SE model and related policies to make clear that IVRS provides services to individuals who will work ten or fewer hours per week, provide training on this change in practice to VR counselors and staff, and develop a method for evaluating the adherence of personnel to this practice.

**Agency Response:**

5.1 IVRS disagrees with this recommendation because its methodology for evaluating the current SE model already does what RSA has recommended. IVRS has been evaluating data from the Iowa Model since FY 2008. The Accountability Work Group, which is comprised of CRP and CPC representatives and IVRS staff, has identified the data points to review and evaluate for decision-making in 2006. The Regional Teams and the Advisory Board are involved in the evaluation process.

5.2 IVRS agrees. In addition to using the data obtained from the evaluation of the SE model, IVRS uses partner surveys to gather information that will be incorporated to make informed decisions. For example, TACE has been a critical partner in facilitating the conversations with CRPs, which will assist with strategies to improve performance.

5.3 IVRS agrees. As a matter of fact, IVRS has been using a “report card” since 2001. The report card was disseminated, but the CRP Advisory Board opposed distribution of the report card because there were so many factors that affected the results (economy, client choice,

significance of disability, transportation issues, etc.). At that point IVRS only used the data internally. Because RSA advocates using a report card, IVRS will advise the CRPs that it will disseminate the report card.

5.4 IVRS disagrees. IVRS has no plans to advise CRPs on the number of referrals they will receive each year from the agency. For years, IVRS has advised the CRPs on the programming that IVRS needs. It has advised the CRPs on how they could work together to ensure that programming would be successful. IVRS remains receptive to any proposals from CRPs to meet unmet client service needs.

5.5 IVRS agrees, but it does not understand how to do so without running afoul of federal or state requirements. Before IVRS used the Menu of Services, IVRS had contracts with CRPs based on wages and hours worked. The CRPs were not able to achieve the hours worked and under the contract were unable to receive maximum compensation since they did not achieve that outcome. The CRPs requested that the program and contracts change because they were unable to meet the negotiated goals. As a result, in 2002, IVRS developed the Menu of Services system after consulting with the CRPs and the Iowa Department of Human Services.

5.6 IVRS agrees. IVRS recognized this was confusing. As a result, it clarified the policy on hours worked and conveyed to all staff in February 2009.

**Technical Assistance:** IVRS requests technical assistance with 5.1, 5.2, 5.4, and 5.5.

## 6. Transition Services

**Observation:** IVRS provides VR services to transition-age youths in various ways. IVRS provides transition services through its own VR counselors using traditional transition services and the Collaborative Transition Protocol (CTP). IVRS also collaborates with the school systems to provide enhanced transition services through third-party cooperative arrangements, known as the Transition Alliance Program (TAP).

- As indicated earlier, IVRS serves a significant number of transition-age youths through its transition programs. However, there has been a large number of students leaving the VR program after eligibility but prior to an IPE being developed. In FY 2007, 47 percent of all IVRS applicants were between ages 14-24. However, in FY 2007, 21 percent of transition-aged youths exited the VR program from an OOS waiting list and 26 percent exited after eligibility before an IPE was developed.
- Historically, IVRS had worked with students at the end of their high school careers, receiving referrals for seniors or second semester juniors. Consequently, IVRS's visibility in the high schools and involvement in transition planning for students varied from school to school. IVRS recognized this issue and, after conducting an internal review of its practices, began in 2007 to redesign the transition services for youths with disabilities in Iowa. Under the new transition model, eligibility for the VR program is determined during the sophomore year of high school, at which time VR counselors will engage in career exploration with the students. An IPE is then developed by the junior year of high school. IVRS anticipates this will help students focus on a career and will engage parents in the VR process.
- The new transition model was implemented in the fall of the 2008 school year. Thus, there is not yet any data to assess the effectiveness of the new model.

- Transition services provided through the CTP allow for a more complete and relevant set of information in the IEP for the VR counselors to use in determining eligibility for the VR program. During interviews with staff in local field offices, RSA learned that the staff who are currently using the CTP find it very helpful and effective. IVRS is expanding the CTP in four more AEAs this year.
- Currently, there are eight TAP projects operating across the state of Iowa. IVRS reported that in FY 2008, there were 516 students participating in TAP and 95 successful employment outcomes were achieved. The rehabilitation rate was 80 percent. The statewide average wage for students in TAP was \$9.40 per hour and students on average worked 36 hours per week.
- IVRS conducts yearly monitoring of the TAP projects, which include on-site reviews. IVRS drafts a report that outlines emerging best practices and areas for improvement for each TAP. The TAPs use Indicator 14 data to assess performance. Indicator 14 is one of 20 Performance Indicators for the Department of Education under the Office of Special Education Programs (OSEP) and measures the outcomes for students moving from secondary to postsecondary activities, including postsecondary training and employment. By using Indicator 14 data, the results for TAP students can be measured against non-TAP participating students to determine outcome differences.

**Recommendation 6:** RSA recommends that IVRS:

- 6.1 develop evaluation tools to assess the effectiveness of CTP, TAP, and the new transition model to measure local school-level differences in the number and quality of transition outcomes over time, and determine the causes for differences in performance among the local schools, particularly with respect to the number of transition-age youths leaving the VR program prior to the provision of services; and
- 6.2 establish measurable goals for each of the three programs statewide and on a local basis, along with strategies for the improvement of performance.

**Agency Response:**

6.1 IVRS disagrees and believes that it has developed and is using evaluation tools that assess the effectiveness of transition services. In 2008, as part of the Transition Initiative, IVRS developed the Transition Model. The Transition Model assesses the effectiveness of transition services by evaluating:

- a. number of 26s;
- b. decreasing percentage of Status 30s;
- c. development of the IPE within 120 days;
- d. increase in the number of referrals from baseline;
- e. increase in post secondary education participation;
- f. yearly analysis of each high school; and
- g. Transition Action Team Best Practices.

IVRS also uses Collaborative Transition Protocol to assess transition services. These evaluation tools have been in place since 2004 and demonstrate 100% accuracy in decision-making. Collaboration is also being evaluated through the use of rubrics. The rubrics have been in place

since 2007. In addition, CTP involved districts (the five AEAs for statewide implementation) that must submit an annual evaluation report, and complete the yearly collaboration survey.

In addition, IVRS analyzes the effectiveness of the Transition Alliance Program. Each year, IVRS evaluates the TAPs according to established measures in their Logic Models. Supervisors complete a partial Risk Assessment quarterly. Counselors provide weekly technical assistance. Yearly on site reviews produce evidence of best practices and weaknesses, which influence their goals and work plan for the next year.

**Technical Assistance:** IVRS requests technical assistance with 6.1.

## 7. Data Management

**Observation:** IVRS does not use performance information as effectively as it could to incorporate data-based decision making into all areas of agency operations. Information is not equally available to all staff.

- IVRS is continuing to improve its capacity to analyze data. Efforts are underway to increase the amount of performance information made available in the system.
- IVRS does not include a reporting structure for financial aspects of service delivery. This lack of financial information may decrease the ability of staff to effectively manage caseloads.

**Recommendation 7:** RSA recommends that IVRS:

- 7.1 expand the availability of VR descriptive and outcome data to all IVRS staff to help better inform decision-making processes;
- 7.2 encourage the use of the RSA MIS data system or the IVRS equivalent by IVRS staff;
- 7.3 continue to expand staff analytical skills to all areas of program and agency operations;
- 7.4 continue staff training on the new case management system and continue training as new information and capabilities become available;
- 7.5 expand the capabilities and use of the case management system to track counselor performance and provide counselor performance reports to supervisors and managers;
- 7.6 expand use of the case management system to make CRP performance information available to VR counselors to allow them the information they need to make informed decisions about services for consumers;
- 7.7 explore opportunities for increasing integration of program and fiscal data for driving business processes; and
- 7.8 increase the use of process/logic models and longitudinal data sets to obtain information from the data available to the agency.

### Agency Response:

7.1 IVRS disagrees because this information is available to all staff. IVRS staff receives statistical reports monthly. On IRSS, staff can access those reports daily if need be. Staff can use these reports for planning and monitoring their performance. Staff can also use IRSS to understand the progress the agency is making toward our yearly goals. Before IRSS, staff only received this information monthly. Now they can access it daily. Previously, management

reports were only available in hard copy. Now all data is available through the electronic case management system. Reports are being added to IRSS on an on-going basis for all staff to access for better decision making and meeting individual, area office and agency goals.

7.2 IVRS agrees and believes that its staff is doing so. Information of how IRSS has improved the daily processes and can contribute to the success of the client has been compiled and is being relayed to all staff. As revisions are made to IRSS and it becomes more efficient, data fields can be completed with information and more data will be available for staff to use.

7.3 IVRS agrees. As more data reports become available from IRSS, IVRS management will expand access to reports to all levels of staff. Since 2003, IVRS has used data in the QA Debriefing Meetings. The first year was focused on how to use data, perceive it, interpret and build their internal quality controls. Subsequent years built upon this to further develop problem-solving. Logic Models and statistical reports pertaining to workforce trends are at the core of the agency operations and decision-making. Programming data is distributed, analyzed and interpreted among managers who communicate and present information to staff for review and feedback. These efforts are done to facilitate leadership development and analytical skills.

7.4 IVRS agrees. Every two weeks, IVRS holds a telephone conference with mentors and any staff who want to participate. Training sessions will be held more frequently when implementing new revisions for IRSS or as other training instances arise. Priority Management Team (PMT) is made up of staff from Rehabilitation Services Bureau, Administrative Services Bureau and PDT. The team meets weekly to review the processes of IRSS and how staff is utilizing the management system. This team helps identify where more training could be used and what changes are needed in IRSS to be more efficient and useful.

7.5 IVRS agrees. IVRS' management staff, starting in March 2009, receive monthly agency monitoring reports, Logic Model reports, with information compiled by staff, area office and agency. These reports help in the review of counselor and supervisor performance.

7.6 IVRS agrees. IVRS plans on sharing this with the CRP Advisory Board. We plan on advising them that this is an RSA recommendation.

7.7 IVRS agrees. More integration needs to be explored between the program and fiscal data. IVRS now has more capability with IRSS to have a direct connection of the program and fiscal data even though this has been connected through the sustainability model. This direct connection in IRSS can help support the sustainability model with its projections.

7.8 IVRS agrees. As more information is gathered into IRSS, IVRS staff will analyze trend data to help determine if certain projects work better than others and hopefully will help indicate changes that are needed. Data outside of IVRS has been and is being collected and can be used to help compare IVRS' performance within the state, other states and country.

Staff surveys inform IVRS that they do not want more data or logic model planning beyond the current level; and reports from managers indicate that there is a sense of being overwhelmed by the volume of data. Longitudinal data may be a possible next step for use by management staff.

**Technical Assistance:** IVRS requests technical assistance with 7.1.

## 8. Planning

**Observation:** IVRS would benefit from a comprehensive planning model that includes an integrated vision of how the agency will perform. A comprehensive planning model can help IVRS develop a set of focused goals to guide agency operations. The agency's well-developed data skills, as vital as they are, provide the maximum benefit when they are used in analyzing agency and consumer performance and outcomes so there is a logical and explainable basis for the goals and targets that the agency develops.

- Lacking a single integrated planning document, representing both fiscal and programmatic perspectives, responses to external requests for planning information and preparation of a useful state VR plan are more laborious to prepare than would be the case if responses could be addressed by sharing or using the relevant sections of a complete plan.
- IVRS has a tremendous amount of data available, staff with strong quantitative analysis skills, and is an active participant in skill building activities to increase data skills.

**Recommendation 8:** RSA recommends that IVRS:

8.1 develop an integrated planning model to serve IVRS' purposes. This model would address:

- major agency goals or objectives;
- baseline levels of agency performance;
- long term and short term targets;
- measures to determine if and when the targets and goals were achieved;
- data sources and periodicity of reporting for measures;
- strategies to achieve the measures;
- targets for achievement of strategies;
- identification of responsible staff person;
- measures to determine if and when the strategy was achieved; and
- data sources for measures and periodicity of reporting for measures.

8.2 integrate fiscal data and program data in planning, and evaluation activities to avoid an incomplete perspective in planning;

8.3 involve fiscal staff as partners in both the strategic planning process and the development of the state plan; and

8.4 provide increased opportunities for all agency staff to have access to performance data that drives agency planning. Goals are most often accomplished through the active participation of all agency staff. An environment of 'transparency' where performance data is readily available to all is often a factor in mobilizing attention to goals

### Agency Response:

8.1 IVRS disagrees because it believes it has done this. Besides the RSA requirement for a State Plan, IVRS has completed an agency-wide Strategic Planning process that focuses on goals that affect all bureaus. In addition, IVRS has responsibility to the State of Iowa for the Accountable Government Act and Annual Agency Performance Plans. There may be a way to

coordinate formats, requirements and timeframes from the Department of Administrative Services, the Department of Management and the Rehabilitation Services Administration, although we find little added value in this approach. IVRS has prepared a comparison document that highlights how Strategic Plan Objectives relate to State Plan Goals, the Rehabilitation Services Bureau Logic Model and Initiatives, and Performance Measures. It is a visual representation of the integration between the plans and serves our purposes well.

8.2 IVRS agrees. This is current practice. The Budget Team meets monthly and is comprised of senior management staff from program, administrative and fiscal areas. Issues from each of the areas can be on the agenda. Issues are discussed from administrative, fiscal and program points of view. Regular topics include staffing levels, extraordinary expenditures, caseload size, waiting list size, number and trend of Status 10, number and amount of authorizations, and projection of current and future years' caseload, and expenditures. Annually the Budget Team reviews the upcoming state and federal fiscal year budgets, including staffing trends and other extraordinary expenditures. Major programmatic and major fiscal trends are discussed until all members' questions are answered.

8.3 IVRS agrees. This is current practice. Fiscal staff were an active partner in the IVRS Strategic Planning process. To the extent that the Comprehensive Statewide Assessment of Needs requires their input in the development of State Plan Goals, they are also included.

8.4 IVRS agrees. IVRS provides a monthly update of the its progress on Standards and Indicators and Logic Model measures to Rehabilitation Services Bureau Supervisors and other IVRS management personnel for the purposes of sharing with staff. In addition, since IVRS has not met Standard 2.1, all staff have received extensive training on how the standard is calculated and each office has been asked to incorporate planning steps that will result in achieving the standard. The IVRS Diversity Committee area office liaisons now receive monthly updates to share with their offices to make sure that the plans are achieving the desired results. We have seen minor improvements as a result of this follow-up.

**Technical Assistance:** IVRS requests technical assistance.

## 9. Quality Assurance (QA)

**Observation:** IVRS' QA focus is on case management. IVRS does not have a QA focus for other administrative functions and processes.

- The QA focus on case management, while an essential component of a QA process, is not sufficient to address the significant administrative function and processes for which a QA function is appropriate.
- QA processes can provide direct benefit to IVRS for areas such as acquiring services (e.g. contracts), services provided by external partners, and mechanisms for obtaining staff feedback. QA should be considered for all areas of the agency's operations.

**Recommendation 9:** RSA recommends that IVRS consider expanding the focus of QA activities to areas beyond those currently addressed. These additional areas may include contracting related activities, service delivery through CRPs and VR state plan development.

**Agency Response:**

IVRS agrees. IVRS considers QA to be a continuous quality improvement. Within the Rehabilitation Service Bureau, the following is currently occurring:

- case service reviews;
- case management reviews;
- contract monitoring;
  - yearly on-site reviews,
  - quarterly Risk Assessments, when applicable,
  - weekly TA implementation, when applicable,
- workforce planning progress, implementation of Rubric;
- CRP monitoring;
  - performance data by CRP,
  - evaluation of CRP by Standards/Indicators,
- evaluation of State Plan by SRC;
- area Office Operational Plans (Logic Models) assessed yearly, reviewed during office staff meetings;
- service acquisition from external partners;
- client and staff feedback.

IVRS is currently engaged in an analysis of our contracting procedures, in conjunction with the State of Iowa Office of Attorney General. This will result in enhancements to our contracting processes that will result in greater clarity in language and expected outcomes.

Ensuring quality in our administrative functions and processes is a priority of IVRS, and one that we evaluate – and will continue to enhance efforts in this area. We plan to clarify performance targets and expectations in areas such as: processing time for items such as contracts; accuracy and completeness of documents and guidelines that address planning/service delivery; and, instruments used to obtain staff feedback.

**Technical Assistance:** IVRS does not request technical assistance.

## **VR and SE Compliance Findings and Corrective Actions**

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

### **1. Third-Party Cooperative Arrangements – Transition Alliance Program (TAP)**

**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 VR services with another State agency or a local public agency that is furnishing part or all of the 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 VR focus or existing services that have been modified, adapted, expanded, or reconfigured to have a VR 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:** IVRS enters into third-party cooperative arrangements with local school districts, known as the Transition Alliance Program (TAP), to provide enhanced VR services to transition-age youths. There are currently eight TAPs operating across Iowa.

To determine if these arrangements are in compliance with 34 CFR 361.28, RSA reviewed several examples of written agreements implementing the TAP. In addition, RSA met with IVRS officials, staff and representatives from TAP projects to discuss the manner in which the terms of the written agreements are put into practice.

Based on this review, RSA finds that the written agreements implementing the TAP arrangements and the conduct of the TAP projects in general are in compliance with 34 CFR 361.28, except as follows:

The written agreements do not clearly identify the services that are provided by the cooperating school districts. Consequently, RSA could not determine solely based on the language of the written agreements whether the services provided by the cooperating school districts are new services with a VR focus, or are existing services that have been expanded or modified to include a VR focus, in accordance with 34 CFR 361.28(a)(1). However, during on-site discussions, IVRS staff and representatives of the school districts indicated that the services provided through the TAP projects are not typical of those mandated to be provided by the schools under the IDEA. These services include the development of community-based work opportunities. Thus, though the operation of the TAP is consistent with federal requirements, the written agreements must be revised to clearly specify the services provided by the cooperating school districts that have been expanded or modified to have a VR focus.

The written agreements do not indicate who is to be served through the arrangements, as required by 34 CFR 361.28(a)(2), which states that only individuals who have applied for or are receiving

VR services can be served. IVRS staff and other documentation indicated that the TAP projects are only serving transition-age youths who have been determined eligible for the VR program and are not currently on the order of selection wait list. This is more restrictive than the federal regulations allow. Individuals who are VR applicants are also eligible to participate in the TAP. Therefore, IVRS is not in compliance with 34 CFR 361.28(a)(2).

**Corrective Action 1:** IVRS must revise its third-party cooperative arrangement documents to be consistent with 34 CFR 361.28. Such revisions must include the following:

- A. The document must describe the scope of services offered through the arrangement. Specifically, services provided must be either new services or modified services with a VR focus.
- B. The language of the cooperative arrangements must be revised to clarify that VR "applicants" are also eligible to participate in the TAP. The TAP projects must not restrict participation to those individuals who are eligible for the VR program and not on the order of selection wait list. Rather, the agreements must also ensure that applicants are receiving diagnostic and assessment services, if appropriate, while eligibility and order of selection priority are determined.

**Agency Response:** IVRS agrees. IVRS acknowledges that services provided under a third-party cooperative arrangement must be clearly identified within the contractual agreement. IVRS management assigned staff members from program and fiscal areas to address deficiencies in contracting processes.

In addition, IVRS acknowledges that cooperative arrangements must allow "applicants" to participate in Transition Alliance Program (TAP) services. The contractual agreements for the next fiscal year will include language to allow applicants for VR services to participate in services in the TAP contracts.

**RSA Response:** RSA appreciates that IVRS intends to comply with the corrections outlined above. In addition, RSA requests that IVRS include, in its corrective action plan, a description of: 1) the steps it will take to revise the TAP contracts to ensure compliance with 34 CFR 361.28 (a)(1) and (a)(2); 2) timelines for the completion of those steps; and 3) methods to evaluate that the actions taken have resolved the compliance finding. RSA will provide more specific technical assistance upon request from IVRS.

**Technical Assistance:** IVRS requests technical assistance.

## CHAPTER 3: FISCAL MANAGEMENT OF IVRS' VOCATIONAL REHABILITATION, SUPPORTED EMPLOYMENT AND INDEPENDENT LIVING PROGRAMS

RSA reviewed IVRS' fiscal management of the VR, SE, and IL programs. During the review process, RSA provided technical assistance to the state agency to improve its fiscal management and identified areas for improvement. RSA reviewed the general effectiveness of the agency's cost and financial controls, internal processes for the expenditure of funds, use of appropriate accounting practices, and financial management systems.

### Fiscal Management

The IVRS fiscal management system needs to be strengthened in the areas of contract administration, reporting practices, internal controls, the tracking of contractor finances, match planning and applications, and agreements that generate match. Although there is collaboration between the separate departments within IVRS, the chief fiscal officer does not have direct authority over the payment monitoring and oversight functions. The fiscal issues identified in this report indicate a need to strengthen collaboration and improve the understanding of fiscal requirements across all fiscal and program components.

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

**Table 3.1  
Fiscal Data for IVRS from FY 2004 - FY 2008**

Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	21,702,431	23,332,421	23,868,336	25,580,503	25,236,087
Required Match	5,873,720	6,314,874	6,459,918	6,923,313	6,830,098
Federal Expenditures	21,702,431	23,332,421	23,868,336	25,580,503	**22,517,018
Actual Match	5,873,721	6,314,874	6,459,918	6,923,313	6,830,098
Over (Under) Match	1	0	0	0	0
Carryover at 9/30 (year one)	2,262,851	0	46,181	5,973,955	8,809,998
Program Income	696,610	791,928	1,238,035	1,340,467	1,091,438
Maintenance of Effort (MOE)	6,198,295	6,270,460	5,873,720	6,314,874	6,459,918
Administrative Costs	3,090,628	5,396,422	3,698,472	3,724,255	4,237,401
*Total Expenditures	33,989,486	35,162,446	31,736,647	28,258,646	33,192,888
Percent Admin Costs to Total Expenditures	9.09%	15.35%	11.65%	13.18%	12.77%

\*Includes Supported Employment Program Expenditures.

\*\* Deadline for obligating FY 2008 federal grant funds – September 30, 2009.

## Explanations Applicable to the Fiscal Profile Table

### Grant Amount:

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

### Match (Non-Federal Expenditures):

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

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

### Carryover:

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

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

### Program Income:

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

from the Social Security Administration for rehabilitating Social Security beneficiaries to other formula programs funded under the Act to expand services under these programs.

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

### **Maintenance of Effort (MOE):**

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

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

### **Administrative Costs:**

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

### **Fiscal Technical Assistance Provided to IVRS During the Review Process**

RSA provided VR, SE and IL program technical assistance to IVRS during the review process regarding:

- the need to have the organizations involved in third-party arrangements maintain detailed documentation that supports the expenditure of funds under those arrangements;
- the requirements for a VR agency to identify and use funds to meet non-federal match;
- the requirements for the reporting of program income to ensure funds received after September 30<sup>th</sup> are reported in the appropriate Federal Fiscal Year; and
- ways to strengthen contract development and monitoring processes.

## Observations of IVRS about the Fiscal Management Performance of the VR, SE, and IL Programs

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

- In FY 2005, IVRS faced funding difficulties and developed a financial planning tool to assist with future cost projections;
- IVRS is striving to find a balance between purchased services and direct services; and
- IVRS would like to decrease reliance on match obtained through third-party cooperative arrangements as recommended by the SRC.

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

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

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

### 1. Carryover Balances

**Observation 1:** IVRS' carryover percentages have increased substantially and are higher than its peers.

- In FY 2007, the IVRS carryover was \$5,973,955 (25 percent of the total grant award). In FY 2008, the carryover was \$9,247,629 (36 percent of the total grant award). For FY 2007 and FY 2008, IVRS had a larger percentage of carryover than any of its peer agencies. See Tables 3.2 and 3.3 below.

**Table 3.2**  
**IVRS Percentage of Carryover for FY 2003 through FY 2008**

Year	Carryover Amount (4 <sup>th</sup> quarter)	Percent Carryover
2003	5,478,504	23.92%
2004	2,262,851	9.77%
2005	0	0.00%
2006	46,181	0.20%
2007	5,973,955	25.03%
2008	9,247,629	36.15%

**Table 3.3**  
**IVRS Carryover Compared to Peers for FY 2007 and FY 2008**

Agency	Percent Carryover 2007	Percent Carryover 2008
IA-G	25.03%	36.15%
AR-G	0%	0%
CT-G	22%	15%
NM-G	0%	0%
OR-G	0%	0%

- The amount of carryover has increased at the same time the agency has implemented a direct service delivery model and reduced the amount of funds spent on purchased services.
- The large carryover is having a negative impact on the agency's ability to provide timely and effective services. (See observations 1, 2 and 3 in Chapter 2 above.)

**Recommendation 1:** RSA recommends that IVRS take steps to effectively manage the percentage of carryover to enable the agency to eliminate the waiting list, purchase services for individuals, and ensure that service provision is not negatively affected.

**Agency Response:** IVRS agrees. The IVRS Budget Team will continue to meet monthly and assess methods to properly manage the percentage of carryover funds.

**Technical Assistance:** IVRS does not request technical assistance.

## 2. Financial Planning and Reporting

**Observation 2:** IVRS has developed a "Sustainability Model" that is used to track program income and expenditures on an ongoing basis. The IVRS management team meets monthly to review the data and determine the program's ability to serve new applicants. Inconsistencies were noted when RSA compared the Sustainability Model data to the program's SF-269 reports (e.g., carryover amounts).

**Recommendation 2:** RSA recommends that IVRS develop a process to ensure the uniformity and accuracy of the data used for financial planning and fiscal reporting.

**Agency Response:** IVRS agrees. IVRS will continue to refine the Sustainability Model with the addition of updated data available from IRSS.

**Technical Assistance:** IVRS does not request technical assistance.

## **VR, SE and IL Programs' Fiscal Management Compliance Findings and Corrective Actions**

RSA identified the following compliance findings and corrective actions that IVRS is required to undertake. IVRS 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 RSA is available to provide TA to assist IVRS.

### **Legal Requirements for Findings 1 and 2:**

Federal regulations governing the vocational rehabilitation (VR) program at 34 CFR 361.28 provide that:

- (a) The designated State unit may enter into a third-party cooperative arrangement for providing or administering [VR] services with another State agency or a local public agency that is furnishing part or all of the 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 [VR] focus or existing services that have been modified, adapted, expanded, or reconfigured to have a [VR] 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.

Under 34 CFR 361.60(b)(2), “[t] hird party in-kind contributions specified in 34 CFR 80.24(a)(2) may not be used to meet the non-Federal share [of the VR program].”

34 CFR 80.20 of the Education Department General Administrative Regulations (EDGAR) requires that:

- (a) A state must [expend] 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...
- (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.

## 1. Third-Party Cooperative Arrangement – Systemic Transition Enhancement Project (STEP)

**Finding:** From FY 2007 through February 28, 2009, IVRS entered into third-party cooperative arrangements with two area education agencies (AEA) to enhance business partnerships with the local school. The project, known as the Systemic Transition Enhancement Project (STEP), was established as a five-year arrangement -- one year of research and study, three years of implementing school/business/postsecondary designs to improve the education program, and one year of evaluation to assess the effectiveness on student outcomes. The AEA, in turn, subcontracted with others to provide the actual services under the STEP agreement. IVRS did not participate in the selection of STEP staff or in setting the amount of time they would work. STEP contractors submitted receipts and invoices to IVRS for payment. IVRS treated a percentage of the total amount submitted for payment as “match” – expenditures paid from non-Federal sources, and, therefore, did not pay the STEP contractors for that percentage amount. IVRS paid the remaining costs with Title I VR funds.

The second year of the project required each AEA to address the following three implementation goals:

- All students will achieve critical skills;
- All schools will partner with community entities to provide supports for all students to achieve critical skills; and
- All students will successfully transition into postsecondary opportunities (work or education).

IVRS terminated the STEP arrangements during the third year of the 5-year contract. The Iowa Department of Education took over responsibilities for the program effective February 28, 2009.

In order for IVRS to use a third-party cooperative agreement for meeting all or part of the non-Federal share of VR program expenditures, it must satisfy the following requirements. First, it must be an agreement between the DSU and another State agency or other local public agency (34 CFR 361.28(a)). Second, the services provided by the cooperating agency must not be the customary services that agency typically provides. Instead, the services should be new services that have a VR focus or be modified and/or expanded with a VR focus (34 CFR 361.28(a)(1)). Third, the services provided by the cooperating agency pursuant to the agreement must be available only to VR program applicants and consumers (34 CFR 361.28(a)(2)). Fourth, IVRS must maintain administrative supervision over the program expenditures and staff providing services pursuant to the cooperative agreement (34 CFR 361.28(a)(3)). Fifth, all State plan requirements will apply to the services provided pursuant to the cooperative agreement (34 CFR 361.28(a)(4)). Finally, third-party in-kind contributions may not be used to satisfy the non-Federal share of program expenditures (34 CFR 361.60(b)(2)). In addition to these VR program requirements, IVRS also must satisfy certain general fiscal requirements, including those set forth at 34 CFR 60.20(a) of EDGAR. In particular, this provision requires IVRS to account for all program funds in a manner detailed enough that would allow the funds to be traced to a level of expenditures to ensure that the funds were used in accordance with all Federal and State requirements (34 CFR 80.20(a)(2)).

After discussing implementation of the STEP agreements with IVRS officials, and reviewing the STEP Request for Proposal, AEA contracts and supporting documents, IVRS monitoring documents, STEP curriculum, and invoices with supporting documentation, RSA found that the STEP third party cooperative arrangements failed to comply with 34 CFR 361.28, 34 CFR 361.60(b)(2), and 34 CFR 80.2 for the following reasons, and, thus may not be used by IVRS for satisfying its non-Federal share requirements under the VR program:

- a. The curriculum developed under the STEP arrangements did not have a new or expanded VR focus as required by 34 CFR 361.28(a)(1). Instead, the curriculum focused on teaching students critical skills related to smoking, drinking, drug abuse, depression, suicide, online predators, eating disorders, and teen parenting.
- b. The curriculum was not limited to individuals who were VR applicants or consumers as required by 34 CFR 361.28(a)(2). Instead, the third party cooperative agreements indicated that “all” students would be served through the STEP curriculum.
- c. IVRS did not maintain administrative supervision of the expenditures or staff providing services pursuant to the STEP agreements, as required by 34 CFR 361.28(a)(3). Instead, the AEA selected staff to provide the services and develop the curriculum, and determined how many hours those individuals would work. Furthermore, the AEA did not submit supporting documentation to IVRS verifying the time spent providing services each month or the tasks completed. Instead, payments were made based on the number of hours submitted via fax to IVRS each month. Additionally, RSA’s review of relevant documents indicated that the STEP budgets were often exceeded by the AEA without any supporting documentation submitted to IVRS justifying the excess, or documenting that IVRS was involved in the decision-making at that point.
- d. The STEP project did not follow the IVRS’ current order of selection as required by 34 CFR 361.28(a)(4). Instead, the STEP curriculum, according to the cooperative agreement, was available to “all” students.
- e. The self-developed time sheets of STEP for State or local public agency staff failed to provide sufficient information that would allow the activities to be traced to the VR program as required by 34 CFR 80.20(a)(2), and thus chargeable to the third-party cooperative agreement. Without sufficient detailed supporting information, the activities and expenditures cannot be traced to the VR program adequately enough to determine whether all requirements have been satisfied.

**Corrective Action 1:** IVRS must:

- 1.1 cease using third-party cooperative agreements to meet its non-Federal share of funding for the VR program if those agreements do not satisfy the requirements of 34 CFR 361.28;
- 1.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that all future third-party cooperative agreements will satisfy the requirements of 34 CFR 361.28; and
- 1.3 submit detailed fiscal data regarding the STEP program from its inception through February 28, 2009. Data must include all funds expended by all external and internal sources, including indirect and other administrative costs attributable to the STEP program. Please

categorize the data submitted according to whether the funds are from Federal or non-Federal sources.

RSA reserves the right to pursue enforcement action as it deems appropriate, including the recovery of Title I VR funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of Education Department General Administrative Regulations (EDGAR).

**Agency Response:** IVRS immediately discontinued the STEP contracts in response to the RSA Monitoring visit. Additionally, IVRS management reviewed all third-party cooperative arrangements to verify compliance with 34 CFR 361.28. IVRS is also working with the Iowa Attorney General's Office to review and modify third-party cooperative arrangements.

IVRS will submit a written assurance to RSA within 10 days of its receipt of the final monitoring report that all future third-party cooperative agreements will comply with the requirements of 34 CFR 361.28.

The data for corrective action 1.3 are being gathered and IVRS will submit this information.

**RSA Response:** RSA appreciates IVRS' cooperation in the completion of all of the corrective actions. IVRS still must complete corrective actions 1.2 and 1.3. When IVRS submits its corrective action plan, RSA requests that it also include a timetable for the data submission related to corrective action 1.3. RSA will provide more specific technical assistance upon request from IVRS.

**Technical Assistance:** IVRS requests technical assistance to ensure that third-party cooperative arrangements comply with all applicable requirements.

## **2. Third-Party Cooperative Arrangements -- County Supported Employment Programs**

**Finding:** From FY 2004 through FY 2005, for the purpose of meeting some or all of its non-Federal share requirements, IVRS entered into third-party cooperative agreements with county programs to provide supported employment services to individuals with the most significant disabilities who did not have employment opportunities or were not in integrated work settings. The third-party cooperative agreements specified that any certified expenditures used for satisfying IVRS's non-Federal share requirement would be based upon "appropriate documentation of actual expenses." The contracts included budget narratives that identified specific personnel positions and the percentage of time that would be devoted to the contract. The line item budgets included items such as mileage, office supplies, postage, and accreditation expenses.

The county programs subcontracted with other organizations to provide the VR services under the third-party cooperative agreements. Subcontractors were paid based upon their outcomes; contractors were paid a fee based on the services provided. However, the county programs did not report actual expenditures under the agreements to IVRS. Instead, the budget estimates for the various line items were incorporated into the fees submitted for match purposes but no

supporting documentation was provided to verify the actual expenditures for each of those line items. Furthermore, the county programs did not submit supporting documentation to IVRS to verify the actual staff time performed by either county staff or subcontractors under the third-party cooperative agreement.

In order for services provided pursuant to a third-party cooperative agreement to be used to satisfy IVRS' non-Federal share requirements for the VR program, IVRS must supervise the expenditures and staff providing services under that agreement (34 CFR 361.28(a)(3)). IVRS did not do so with regard to the third-party cooperative agreements with these county programs. IVRS did not have a role in selecting the subcontractors who provide the VR services, nor did it have access to supporting documentation verifying actual expenditures or staff time under the agreements. Without this documentation, it was impossible for IVRS to supervise the expenditures and staff time. As a result, IVRS failed to comply with 34 CFR 361.28(a)(3) and, thus, non-Federal expenditures under these agreements may not be used by IVRS to satisfy its non-Federal share requirement under the VR program.

**Corrective Action 2:** IVRS must submit detailed fiscal data regarding the third-party cooperative agreements with county programs from FY 2004 through FY 2005. Data must include all funds expended by all external and internal sources, including indirect and other administrative costs attributable to the agreements with the county programs. Please categorize the data submitted according to whether the funds are from Federal or non-Federal sources.

RSA reserves the right to pursue enforcement action as it deems appropriate, including the recovery of Title I VR funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of EDGAR.

**Agency Response:** IVRS is gathering fiscal data on the third-party cooperative agreements with county programs for supported employment services for Fiscal Years 2004 and 2005.

The third-party cooperative agreements with counties did include administrative supervision by IVRS, similar to that exercised in the Menu of Service program. Claims from a county were paid by IVRS only after a review of the costs submitted and verification that services actually provided were allowable.

**RSA Response:** RSA appreciates IVRS' cooperation. IVRS' corrective action plan should include its timetable for the data submission related to corrective action 2.

**Technical Assistance:** IVRS does not request technical assistance.

### 3. Payment of Unallowable Costs

#### Legal Requirements:

Section 111(a)(1) of the Rehabilitation Act and 34 CFR 361.3 require that allowable expenditures made with Title I VR funds must be for providing VR services to eligible consumers or administering the VR program.

34 CFR 361.5(b)(2) defines administrative costs for purposes of the VR program as those incurred in the performance of administrative functions under the program. The definition gives many examples of administrative costs, including those expenditures incurred in the operation and maintenance of VR facilities, equipment and grounds, and administrative salaries (including for those personnel who support these administrative functions).

Pursuant to OMB Circular A-87, Attachment A (2 CFR Part 225, Appendix A):

C.1. “Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal Awards...
- b. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.”

**Finding:** From July 1, 2005 through June 30, 2009, IVRS and the Iowa Department of Administrative Services (DAS) entered into a Memorandum of Understanding (MOU) that established the responsibilities for IVRS and DAS with regard to the provision of a variety of facility-related expenses and services. The MOU was unique to IVRS; DAS did not enter into similar MOUs with other State agencies. The MOU required IVRS, among other things, to pay for: building services (e.g., electrical and mechanical) for State-owned buildings not utilized by IVRS; a percentage of the square foot charges for common areas not utilized by IVRS; and a predetermined building services fee (e.g., custodial, painting, locksmithing) for the space occupied by IVRS. The MOU also required IVRS to use custodial staff on its own VR payroll to provide janitorial and maintenance services to other State-owned buildings not utilized by IVRS. DAS, in turn, reimbursed IVRS a predetermined fee for the use of the IVRS staff; however, the fee was not based upon the actual costs associated with the time custodial staff spent on non-VR duties. DAS took over the building maintenance services effective April 1, 2009, and the custodial services on July 1, 2009, upon the expiration of the MOU.

In addition to the MOU with DAS, IVRS also contributed to a Statewide Cost Allocation Plan (SWCAP) for indirect costs and to an indirect cost agreement between the U.S. Department of Education’s Indirect Cost Unit and the Iowa Department of Education (IDE). IVRS certified the electricity costs twice as non-federal match; once through the SWCAP and once from direct certification letters received from DAS.

In order to be an allowable expense under the VR program, the expenditure must cover the cost of providing VR services or administering the VR program (section 111(a)(1) of the Rehabilitation Act and 34 CFR 361.3). The VR regulations at 34 CFR 361.5(b)(2) define administrative costs, for purposes of the VR program, as those expenditures incurred in the administration of the program. Administrative costs may include, among others, the expenses for operating and maintaining facilities used by the VR program and salaries for VR personnel, including support personnel. OMB Circular A-87 also allows indirect costs – those that benefit more than one program and are for common purposes, but cannot be easily assigned to any one cost objective – also are allowable if allocable to a Federal award (Attachment A, paragraph F).

In this case, expenditures that IVRS incurs for operating and maintaining its own facilities are allowable as administrative expenses pursuant to section 111(a)(1) of the Rehabilitation Act and 34 CFR 361.3 and 361.5(b)(2). These expenditures include the salaries for its custodial staff and the expenses incurred for building maintenance of its own facilities, such as painting, locksmithing, mechanical upkeep, and electricity. IVRS also may expend its VR funds on indirect costs that are included in the approved cost allocation plan. However, the information RSA reviewed indicated that electricity was included as a direct cost under the MOU with DAS and as an indirect cost under the approved Statewide Cost Allocation Plan, in violation of 34 CFR 80.20 and OMB Circular A-87.

In addition, IVRS cannot use Title I VR funds to pay for operating and maintenance expenses, as a direct cost, for facilities not utilized by the VR program as required by the DAS MOU. In order to be allowable as a direct cost, the expenditure must cover a VR service or administrative costs. Maintaining facilities not connected with the VR program does not constitute an administrative cost for the VR program pursuant to 34 CFR 361.5(b)(2). It also is not allowable for IVRS personnel whose salaries are paid by Title I VR funds to perform duties that are beyond the scope of the VR program. For example, custodial staff on IVRS' VR payroll may not work to serve other agencies while being paid with VR funds. According to the information RSA reviewed, DAS reimbursed IVRS for a portion of the custodial and maintenance staff's time spent cleaning non-IVRS facilities; however, IVRS did not receive full reimbursement. As a result, VR funds were expended for non-VR purposes in violation of section 111(a)(1) of the Rehabilitation Act and 34 CFR 361.3.

Finally, the cost principles require that expenditures be consistent with and applied uniformly among other programs in order to be allowable and allocable to a Federal award (OMB Circular A-87, Attachment A, paragraph C). The MOU that IVRS shared with DAS does not comply with this requirement because DAS did not enter into similar agreements with other State agencies. For this reason, the MOU failed to comply with the cost principles of OMB Circular A-87 as required by 34 CFR 80.22.

**Corrective Action 3:** IVRS must:

- 3.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that VR funds will be used solely for allowable expenditures and in accordance with all program and administrative requirements, as required by section 111(A)(1) of the Rehabilitation Act, 34 CFR 361.3, 34 CFR 80.20, and 34 CFR 80.22, and the cost principles set forth at OMB Circular A-87. IVRS also must ensure that fiscal controls are implemented to prevent unallowable and duplicative expenditures from being charged to the VR program;
- 3.2 submit the following:
  - a. yearly amount of electricity payments IVRS certified as non-federal match through both SWCAP and direct certification letters received from DAS for FYs 2005 through 2009; and
  - b. spreadsheet detailing the monthly amount of Federal funds expended for maintenance and services provided to facilities not utilized by IVRS for FYs 2005 through 2009. The amount should include all costs including, but not limited to indirect costs, salaries,

- benefits, equipment, supervision, alarm/elevator maintenance contract costs, break room space, and invoice processing costs; and
- 3.3 provide written certification that, as of July 1, 2009, IVRS is paying for custodial, maintenance and associated costs in a manner consistent with DAS charges to similar Federal awards, consistent with the approved indirect cost rate, and that no additional costs are being paid by IVRS.

RSA reserves the right to pursue enforcement action as it deems appropriate, including the recovery of Title I VR funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of EDGAR.

**Agency Response:** IVRS will submit a written assurance to the RSA within 10 days of the receipt of the final monitoring report that VR funds will be used solely for allowable expenditures and in accordance with all program and administrative requirements, as required by section 111(a)(1) of the Rehabilitation Act, 34 CFR 361.3, and 34 CFR 80.20, and 34 CFR 80.22, and the cost principles set forth in OMB Circular A-87. It will also ensure that it will implement fiscal controls to prevent unallowable and duplicative expenditures from being charged to the VR program.

IVRS did not make duplicate electricity payments. In fact the Iowa Department of Administrative Services (DAS) pays for electricity use for the Capitol Complex and IVRS does not pay for electricity used by the Parker Building at all. Instead electricity costs are included in the Building Space column of the State Wide Cost Allocation Plan (SWCAP) created by DAS. DAS allocates SWCAP costs to state agencies, including IVRS.

The SWCAP allocation recovers costs from non-state appropriated funding sources, including federal grants. IVRS has a long-standing agreement with DAS that the IVRS portion of SWCAP costs associated with the VR program will not be recovered from IVRS. Instead, the actual SWCAP costs, allocable to the VR program are used as non-federal match. This saves the VR program over \$100,000 per year in expense and provides that same amount in non-federal matching funds.

IVRS does pay DAS an Association Fee for services DAS provides IVRS. The Association Fee does not include any electricity costs. That said, IVRS did err in certifying the electricity costs twice as non-federal match; once through the SWCAP and once from direct certification letters received from DAS. IVRS immediately ceased the practice of certifying electricity cost from DAS upon discovery that electricity cost is part of Building Space within the SWCAP. IVRS removed the duplicate certification from Federal Fiscal Year 2008 and 2009 reports.

IVRS will create a spreadsheet detailing the monthly amount of federal funds expended and revenues received for maintenance services provided to non-VR space under the MOU with DAS.

IVRS will provide written certification that, as of July 1, 2009, IVRS is paying for custodial, maintenance and associated costs in a manner consistent with DAS charges to similar Federal awards, consistent with the approved indirect cost rate, and that no additional costs are being

paid by IVRS. The certification will also include an assurance that electricity payments are no longer being duplicated because those charges were never duplicated.

IVRS, as of July 1, 2009, is paying for custodial, maintenance and associated costs in a manner consistent with DAS charges to other state agencies with federal programs. No duplicate electricity payments have been made by IVRS, nor will duplicate electricity payments be made in the future.

**RSA Response:** Based upon the information provided in IVRS' response, RSA revised the wording in the Finding and Corrective Action 3.2a with regard to the electricity payments IVRS certified as non-federal match through both SWCAP and direct certification letters received from DAS. RSA appreciates that IVRS plans to complete each of the corrective actions required above. RSA will provide more specific technical assistance upon request from IVRS.

**Technical Assistance:** IVRS requests technical assistance with corrective 3.1, but not on 3.2 or 3.3.

#### **4. Unallowable Match Source -- In-Kind Costs**

##### **Legal Requirements:**

Federal regulations governing the VR program at 34 CFR 361.60(b)(2) require State VR agencies to meet the VR program's non-Federal share in a manner consistent with 34 CFR 80.24, unless specifically directed otherwise in 34 CFR 361.60(b)(2) or (3).

Under 34 CFR 361.60(b)(2), "[t]hird party in-kind contributions specified in 34 CFR 80.24(a)(2) may not be used to meet the non-Federal share under this section."

34 CFR 80.24 of EDGAR establishes the general requirements for meeting a program's non-Federal share.

**Finding:** IVRS routinely used costs of certified space from mental health institutes, community colleges, and the University of Iowa to meet part or all of its non-Federal share for the Title I VR program. The certified space costs included utilities, repairs, and housekeeping.

In order to be used to meet the State's non-Federal share of the VR program, the allowable expenditures from non-Federal sources must be consistent with the requirements of 34 CFR 80.24 of EDGAR unless directed otherwise by Federal regulations governing the VR program (34 CFR 361.60(b)(1)). In particular, the VR regulations prohibit the use of third-party in-kind contributions for meeting the State's non-Federal share of the VR program (34 CFR 361.60(b)(2)). Therefore, IVRS' use of certified space costs to meet part or all of its non-Federal share for the VR program is unallowable under 34 CFR 361.60(b)(2).

**Corrective Action 4:** IVRS must:

- 4.1 cease using third-party in-kind contributions, regardless of the source, to meet the non-Federal share of the VR program;
- 4.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that allowable expenditures used to meet the program's non-Federal share will comply with the requirements of 34 CFR 361.60(b) and 34 CFR 80.24; and
- 4.3 submit a spreadsheet detailing the amount of third-party in-kind contributions from mental health institutes, community colleges, and the University of Iowa used as match for FYs 2005 through 2009.

RSA reserves the right to pursue enforcement action as it deems appropriate, including the recovery of Title I VR funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of EDGAR.

**Agency Response:** IVRS will cease using third-party in-kind contribution, regardless of the source, to meet the non-Federal share of the VR program. IVRS immediately ceased using space certification as a source of non-federal match upon notice from RSA during this monitoring cycle that this source is not allowable. IVRS removed this source of non-federal match from both Fiscal Years 2008 and 2009.

IVRS set up the process of certifying non-federal match for space occupied by IVRS staff in State of Iowa Mental Health Institutes (MHI) in the early 1990s. A Financial Management Specialist from the RSA Kansas City Regional Office accompanied IVRS staff to the Independence, Iowa MHI to direct both the MHI and IVRS staff how to set up the system to certify the cost of space as non-federal match. The process was set up as a third party cooperative agreement and the MHIs were to determine the actual cost of the space occupied by IVRS staff. IVRS was assured by the Regional RSA Financial Management Specialist that this source of non-federal match was allowable.

On May 19, 1998 the IVRS Administrator discussed the MHIs' certification of space as non-federal match with an RSA staff person. The staff person said there should be no problem using this space certification as non-federal match. IVRS has clearly and openly used this method and source as non-federal match on a variety of federal reports for nearly twenty years with no comments related to unallowability from RSA. During that time IVRS has participated in numerous Section 107 reviews from RSA where all sources of non-federal match were scrutinized.

The RSA Section 107 Monitoring Report for fiscal year 2003 dated February 11, 2004 states on page 25 and 27 in the Findings on Matching:

- *(IDVRS had) Cooperative Agreements with twenty-one Counties located within the State of Iowa.*
- *IDVRS is aware that third party in-kind contributions are unallowable in the Basic Support program and does not utilize them.*
- *IDVRS conducted both fiscal and program reviews on the cooperative agreements they participate in. IDVRS developed distinctive review guides for each fiscal and program*

*review they conducted during FFY 2002. The scope of the fiscal review guide focused upon unallowable costs, supporting documentation substantiating expenditures, compliance with the approved budget, and existing audit reports.*

- *IDVRS utilizes an assortment of cooperative agreements, State Agency transfers and establishment grants in addition to their State appropriated general revenue funds. IDVRS performs the administration and monitoring of these activities in a prudent and professional manner and has complied fully with the applicable Federal guidelines and regulations. Consequently, IDVRS would serve as a good source of information regarding implementation, administration and monitoring of cooperative agreements and other funding sources.*

IVRS will submit a written assurance to RSA within 10 days of receipt of the final monitoring report that allowable expenditures used to meet the program's non-Federal share will comply with the requirement of 34 CFR 361.60(b) and 34 CFR 80.24.

IVRS will create and submit a spreadsheet detailing the amount of expenses certified as non-federal match from Mental Health Institute space occupied by IVRS staff for Fiscal Years 2005 through 2007.

**RSA Response:** While we understand IVRS' frustration with regard to the technical assistance provided by regional office staff during the early 1990s on the certified space issue, we cannot ignore this non-compliance issue identified during our monitoring visit. Although the FY 2003 report, quoted by IVRS in its response, does not cite non-compliance, it specifically states: "IDVRS is aware that third party in-kind contributions are unallowable in the Basic Support program and does not utilize them." Certified rent from a third-party, such as MHI, is clearly a third-party in-kind contribution and, as such, may not be used for match purposes under the VR program pursuant to 34 CFR 361.60(b)(2). Therefore, our finding stands. We appreciate that IVRS has already implemented corrective action 4.1, and now must only complete corrective actions 4.2 and 4.3.

**Technical Assistance:** IVRS does not request technical assistance.

## 5. Internal Controls and Tracking of Funds

### Legal Requirements:

34 CFR 361.12 requires that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under [the VR program]. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 80.20 of EDGAR, in pertinent part, requires that:

- (a) A state must [expend] 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: ...
  - (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.

34 CFR 80.24(b)(6) requires: “Costs...counting towards satisfying a cost sharing or matching requirement must be verifiable from the records of grantees and subgrantee or cost-type contractors.”

**Finding:** While reviewing various aspects of IVRS’ internal fiscal controls, RSA found the following:

- A. IVRS had entered into a third-party cooperative agreement, known as the TAP agreement, with an LEA to provide some or all of IVRS’ non-Federal share for the VR program. One of the expenditures used for satisfying the non-Federal share was cell phone charges. However, the LEA only submitted the summary page of the individual’s bill to IVRS, showing only the monthly total cost. No supporting documentation was provided to verify that the cell phone charges were allowable expenditures under the VR program, consistent with VR program requirements, and used only for authorized purposes, as required by 34 CFR 361.12, 34 CFR 80.20(a)(2), and 34 CFR 80.24(b)(6). Without this supporting documentation, it is unclear whether the cell phone charges were allowable under the VR program and, thus, chargeable to the third-party TAP agreement for meeting the non-Federal share of funding for the VR program.
- B. The IVRS information system allows a counselor to: 1) enter services for consumers; 2) choose the provider to be used for those services; 3) authorize services; and 4) approve payment for services. However, there was no evidence of a system of internal controls that monitored the VR counselor’s data input to ensure that expenditures are for allowable goods and services under the VR program and that VR funds were used solely for authorized uses, as required by 34 CFR 361.12 and 34 CFR 80.20(a)(2). Instead, the VR counselor has complete control of the process, with no internal monitoring of the counselor’s actions.

For all of the above reasons, RSA finds that IVRS has failed to comply with 34 CFR 361.12, 34 CFR 80.20(a)(2), and 34 CFR 80.24(b)(6).

**Corrective Action 5:** IVRS must:

- 5.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will implement internal controls sufficient to ensure the validity of expenditures under the VR program as required by 34 CFR 361.12, 34 CFR 80.20(a)(2), and 34 CFR 80.24(b)(6); and
- 5.2 develop and implement policies/procedures to ensure that:
  - a. verifiable supporting documentation is available for expenditures satisfying a cost sharing or matching requirement;

- b. fiscal controls permit the tracking of expenditures necessary to ensure that the funds are not used in violation of restrictions and prohibitions of applicable statutes; and
- c. internal controls are in place to ensure that all program assets are maintained and accounted for, and used solely for authorized purposes.

**Agency Response:** IVRS financial section staff monitor monthly claims from third-party cooperative agreements against the annual budget. An invoice that includes a charge on a line item that exceeds the annual budget for that line is not paid until an amendment is approved with respect to that line item. The amendment process includes communication in which the sub-recipient must explain the reason for the amendment.

IVRS is working in cooperation with the Office of the Iowa Attorney General to strengthen internal controls and contracting processes to ensure the validity of expenditures under the VR program as required by federal regulations.

**RSA Response:** RSA appreciates IVRS' cooperation in agreeing to complete the corrective actions required above. We especially appreciate the steps IVRS is taking to work with the Office of the Iowa Attorney General to strengthen its internal controls. In its response, IVRS claims that it gets additional information from the subrecipients before paying a charge that exceeds the budgeted amount for that line item. While that may be true, much of the documentation RSA reviewed on-site consisted of informal email exchanges and faxes. However, the TAP contract (page 11), for example, required that contract amendments, including budget amendments, must be made via a formal process. There was no documentation supporting that these procedures were followed, thus giving rise to the finding of non-compliance. RSA will provide IVRS technical assistance, as needed.

**Technical Assistance:** IVRS requests technical assistance from RSA on:

1. internal controls and tracking of funds;
2. development and implementation of policies and procedures that identify the proper level of supporting documentation for expenditures in third-party cooperative arrangements to satisfy a cost sharing or matching requirement;
3. development and implementation of policies and procedures that identify the proper level of fiscal controls to permit the tracking of expenditures in third-party cooperative arrangements to ensure that the funds are NOT used in violation of federal restrictions and prohibitions; and
4. development and implementation of internal controls to ensure that all program assets are maintained and accounted for and used solely for authorized purposes.

## 6. Unallocable Costs – Indirect Costs

### Legal Requirements:

34 CFR 80.20 of EDGAR, in pertinent part, requires that:

- (a) A state must [expend] 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: ...
- (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.

34 CFR 80.22 requires States to use the Federal cost principles set forth in OMB Circular A-87 for determining allowability of costs.

OMB Circular A-87, Attachment A, section C states, in pertinent part:

- 1. To be allowable under Federal awards, costs must meet the following general criteria: ...
- b. Be allocable to Federal awards under the provisions of this Circular....
- 3.a. A cost is allocable to a particular cost objective if the goods and services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

OMB Circular A-87, Attachment A, section F.1. states that:

Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within a governmental unit department or in other agencies providing services to a governmental unit department. *Indirect cost pools should be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived* (emphasis added).

**Finding:** According to the IDE Indirect Cost Rate Proposal for FY 2008, IVRS was charged 58.31 percent of the costs associated with the Office of the Director of IDE and the State Board of Education (Board). However, Board meeting minutes indicate that the majority of items addressed by the Board related directly to elementary and secondary education. Furthermore, RSA's on-site discussions with IVRS and IDE staff indicated that IVRS runs its operations with limited involvement from the Office of the Director of IDE. The FY 2006 and FY 2007 Indirect Cost Rate Proposals included similar charges for IVRS in each of those years.

EDGAR requires that grantees rely on the program regulations, grant terms, and OMB Circulars to determine the allowability, allocability and reasonableness of costs (34 CFR 80.20 and 34 CFR 80.22). According to OMB Circular A-87, Attachment A, paragraph F.1, indirect costs should be distributed among various cost objectives in an equitable manner that takes into account the relative benefit derived by that cost objective from those benefits. Furthermore, for a cost to be allowable with Federal funds, it must be allocable to a Federal program (OMB Circular A-87, Attachment A, Paragraph C.1.b). A cost is allocable to a Federal program (cost objective) if the goods and services involved are chargeable or assignable to such cost objective

in accordance with relative benefits received (OMB Circular A-87, Attachment A, Paragraph C.3.a).

The facts provided RSA indicate that the Office of the Director of IDE and the Board spend little time on matters involving IVRS. However, IVRS pays more than half of the indirect costs related to the Office of the Director of IDE and the Board, which is not commensurate with the benefit IVRS receives from that cost. For this reason, IVRS has failed to comply with 34 CFR 80.20, 34 CFR 80.22, and the requirements of OMB Circular A-87, Attachment A, Sections C and F.1.

**Corrective Action 6:** Although the IDE Indirect Cost Rate Proposals had been approved annually by the Department's Indirect Cost Unit, based on information provided at the time by the State of Iowa, the indirect cost rates may need to be revised in light of the new information learned during RSA's review. Thus, IVRS, in cooperation with RSA and the Department's Indirect Cost Unit, must review and revise, if necessary, its indirect cost distribution to ensure it is consistent with benefits received, as required by 34 CFR 80.20(b)(5) and OMB Circular A-87.

**Agency Response:** RSA states on page 45, paragraph 2, "IVRS pays more than half of the indirect costs related to the Office of the Director of IDE and the Board." In fact, these indirect costs are paid by IDE and are only allocated to IVRS through the indirect cost rate agreement between IDE and the U.S. DOE. IVRS does not pay for any indirect costs of IDE. The indirect cost allocation from IDE is only used as non-federal match.

IVRS has reported indirect costs allocated to IVRS from the Office of the Director of the Iowa Department of Education as non-federal match for the VR program. The RSA Regional Office staff regularly reviewed this and all of the other sources of non-federal match used by IVRS. IVRS has no control over the IDE indirect cost rate formula. IVRS does allocate these indirect costs across IVRS programs by the percent of funding of each program in relation to all IVRS funding sources. The VR program is allocated an equitable share of the Office of the Director costs. IVRS asked RSA on May 4, 2009 for suggestions for another reasonable basis on which to spread indirect costs for the Office of the Director; no response from RSA has been received by IVRS.

IVRS acknowledges that the indirect cost agreement for the Iowa Department of Education (IDE) is negotiated between IDE and the U.S. Department of Education. IVRS will work in cooperation with the IDE, RSA, and the U.S. Department of Education Indirect Cost Unit to review and revise, if necessary, the indirect cost distribution allocated to IVRS and the VR program from the Office of the Director of the Iowa Department of Education.

**RSA Response:** RSA Fiscal Unit staff provided IVRS, via telephone, with suggestions for determining a reasonable basis on which to spread indirect costs for the Office of the Director and the Board. RSA has been in ongoing communication with the U.S. Department of Education's Indirect Cost Group regarding IVRS' indirect cost rate proposal. RSA will continue to work with both IVRS and the Department's Indirect Cost Group to resolve this issue. RSA will provide technical assistance, as needed, especially if the indirect cost distribution must be revised.

**Technical Assistance:** IVRS requests technical assistance to review and revise the indirect cost allocation to IVRS from the Office of the Director of IDE.

## 7. Basis for Match Calculation

### Legal Requirements:

34 CFR 361.60, in pertinent part, requires that:

- (a) Federal share—(1) General. Except as provided in paragraph (a)(2) of this section, the Federal share for *expenditures* made by the State under the State plan, including expenditures for the provision of [VR] services and the administration of the State plan, is 78.7 percent (emphasis added)....
- (b) Non-Federal share—(1) General. Except as provided in paragraphs (b)(2) and (3) of this section, *expenditures* made under the State plan to meet the non-Federal share under this section must be consistent with the provisions of 34 CFR 80.24 (emphasis added)....

OMB Circular A-87, Attachment A, section F.1. states:

Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within a governmental unit department or in other agencies providing services to a governmental unit department. *Indirect cost pools should be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived* (emphasis added).

**Finding:** IVRS uses a portion of its Statewide Cost Allocation Plan (SWCAP) assessment to meet the non-federal share of the VR program, pursuant to 34 CFR 361.60(b)(1). The SWCAP is an indirect cost allocation plan that is assessed statewide and reflects a projected maximum amount of indirect costs for each program for the State fiscal year, which overlaps two Federal fiscal year periods.

In addition to the SWCAP projected indirect costs, IVRS also uses certified indirect costs associated with the Office of the Director of IDE to meet its non-federal share for the VR program. These particular indirect costs are distributed among the programs based on a percentage of the total amount required to meet match requirements rather than on actual expenditures incurred during the reporting period.

Federal regulations governing the VR program requires IVRS to meet its non-Federal share under the State Plan with allowable expenditure of funds, including indirect costs, from non-Federal sources (34 CFR 361.60(b)(1)). Indirect costs are those incurred for common purposes benefiting more than one program and that are not readily assignable to a particular cost

objective (OMB Circular A-87, Attachment A, paragraph F.1). IVRS cannot rely on projected costs, or those based solely on a percentage of the State's overall match requirements, to meet its non-Federal share requirement. IVRS' use of the projected indirect costs proposed in the SWCAP and the projected percentage of costs used by the Office of the Director for meeting its non-Federal share under the VR program is not consistent with the requirements of 34 CFR 361.60 and OMB Circular A-87. Furthermore, IVRS' use of the indirect costs for the Office of the Director fails to comply with 34 CFR 361.60 and OMB Circular A-87 because those charges are projected for a State fiscal year, which overlaps two Federal fiscal years. Given that expenditures used for meeting the non-Federal share must be allowable under the State Plan, which covers only one Federal fiscal year, IVRS has not accounted for these costs per the appropriate Federal fiscal year, and, therefore, is not in compliance with 34 CFR 361.60 and OMB Circular A-87.

**Corrective Action 7:** IVRS must:

- 7.1 cease using projected indirect costs for satisfying the non-Federal share requirements of the VR program. Expenditures used for this purpose must be actual expenditures incurred by IVRS;
- 7.2 cease the practice of not accounting for the indirect costs for the appropriate Federal fiscal year;
- 7.3 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will report indirect costs, for purposes of satisfying its non-Federal share requirements, in a manner consistent with the requirements set forth at 34 CFR 361.60 and OMB Circular A-87; and
- 7.4 revise the 4<sup>th</sup> quarter and final SF-269 reports submitted for FYs 2005 through FY 2008 and the most recent SF-269 report submitted for FY 2009, to reflect an accurate accounting of the State's non-Federal share based on actual expenditures incurred in each of those Federal fiscal years.

RSA reserves the right to pursue enforcement action as it deems appropriate, including the recovery of Title I VR funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of EDGAR.

**Agency Response:** The Statewide Cost Allocation Plan (SWCAP) is composed of actual costs from a prior state fiscal year (this is in response to the RSA assertion that IVRS is using "projected" indirect costs). IVRS has negotiated with the Iowa Department of Administrative Services (DAS) in order for DAS to allow IVRS to waive the payment of SWCAP allocation owed by the VR program. IVRS, in turn, uses the SWCAP allocation attributable to the VR program as non-federal match. This benefits IVRS and persons with disabilities as follows: 1) IVRS does not spend scarce VR funds in reimbursement of SWCAP payment to DAS, and 2) IVRS is able to earn additional federal funds.

IVRS is unclear about RSA's expectations with regard to certification of SWCAP costs as non-federal match. IVRS is very interested in complying with federal regulations regarding proper certification of SWCAP costs as non-federal match.

IVRS has, in response to RSA comments, applied indirect costs as non-federal match in the fiscal period in which the indirect costs were realized.

IVRS will report indirect costs for purposes of satisfying non-federal share requirements in a manner consistent with federal requirements.

**RSA Response:** We can tell from IDVRS' response that there is still confusion about why we found that IDVRS was out of compliance. The problem is that IVRS uses IVRS-related costs in the SWCAP towards satisfying its match requirement under the VR program and these costs, according to section D of the SWCAP approved by the Department of Health and Human Services (DHHS), are "based on the estimated cost of providing the services." According to DHHS, if the State estimates are over or under the actual cost of providing the services, adjustments are made in the subsequent year. This means that, for purposes of satisfying its match requirement under the VR program, IVRS might have claimed more of these estimated costs in one year for match than it should have had it relied on actual expenditures, as required by 34 CFR 361.60(b)(1). Because certified indirect cost estimates, based on actual costs of a prior year, do not reflect the actual cost of services in the current year, IVRS cannot rely on projected costs, or those based solely on a percentage of the State's overall match requirements, to meet its non-Federal share requirement under the VR program. For these reasons, the finding stands and IVRS must satisfy the required corrective actions outlined above. RSA will provide IVRS with technical assistance as needed.

**Technical Assistance:** IVRS requests technical assistance from RSA on the proper reporting of SWCAP costs as non-federal match.

IVRS requests technical assistance from RSA on the proper method of reporting indirect costs on the SF-269 report. IVRS will revise the 4<sup>th</sup> quarter and final SF-269 reports for Fiscal Years 2005 through 2008 and the most recent SF-269 for Fiscal Year 2009 after receiving technical assistance to reflect an accurate accounting of non-federal share.

## 8. Program Income Reporting

### Legal Requirements:

34 CFR 361.63(c)(1) states that, "Except as provided in paragraph (c)(2) of this section, program income, whenever earned, must be used for the provision of [VR] services and the administration of the State plan. *Program income is considered earned when it is received*" (emphasis added).

34 CFR 361.12 states that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 80.20 of EDGAR, in pertinent part, requires that:

- (a) A state must [expend] 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: ...
- (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:** In FY 2008, IVRS reported \$1,091,438 in program income earned for that year on its 4th quarter SF-269 report (date ending September 30, 2008). However, on its most recent SF-269 for FY 2008 (final SF-269 submitted July 16, 2009), IVRS reported \$1,464,929 in program income for that year. According to IVRS fiscal staff, the additional \$373,491 in program income reported in the latest FY 2008 report was actually program income earned in FY 2009 and reported for the wrong Federal fiscal year. RSA noted similar reporting errors regarding program income during FYs 2005 through 2008.

Federal regulations governing the VR program require that program income be reported in the fiscal year in which it is earned. For purposes of the VR program, program income is considered earned when it is received (34 CFR 361.63(c)(1)). Therefore, IVRS must report all program income it receives in any given fiscal year on the financial reports that cover that same fiscal year period. IVRS' inclusion of program income received in FY 2009 as part of its final FY 2008 SF-269 is not in compliance with the requirements of 34 CFR 361.63(c)(1). Furthermore, 34 CFR 361.12 and 34 CFR 80.20(a) require IVRS to maintain procedures that ensure accurate financial reporting. IVRS' consistent failure to report program income accurately from FY 2005 through FY 2008 violates 34 CFR 361.12 and 34 CFR 80.20.

**Corrective Action 8:** IVRS must:

- 8.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will report program income in the Federal fiscal year earned, as required by 34 CFR 361.63(c)(1), 34 CFR 361.12, and 34 CFR 80.20(a); and
- 8.2 revise the 4<sup>th</sup> quarter and final SF-269 reports for FYs 2005 through 2008 to reflect the accurate program income earned during each of those Federal fiscal years.

**Agency Response:** IVRS will submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will report program income in the Federal fiscal year earned, as required by 34 CFR 361.63(c)(1), 34 CFR 361.12, and 34 CFR 80.20(a).

The majority of program income for IVRS is received from the Social Security Administration (SSA) to reimburse IVRS for services provided to SSA recipients that lead to employment. SSA provides IVRS a monthly report which lists the amount of funds IVRS will receive and the time period that the funds are attributable to. IVRS reports these revenues on SF-269 reports in the same fiscal year as SSA in order to balance with SSA records. In other words, SSA reports information to IVRS on an accrual basis and IVRS reports these revenues on an accrual basis in order to balance with SSA records.

IVRS will report program income as required by federal regulations.

IVRS will revise 4<sup>th</sup> quarter and final SF-269 reports for Fiscal Years 2005 through 2008 to reflect accurate program income earned during each of these fiscal years.

**RSA Response:** RSA appreciates IVRS' cooperation in the completion of all of the corrective actions required above.

**Technical Assistance:** IVRS does not request technical assistance.

## 9. SF-269 Reporting

### Legal Requirement:

34 CFR 361.12 states that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 80.20 of EDGAR, in pertinent part, requires that:

- (a) A state must [expend] 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: ...
- (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:** In the final SF-269 report submitted for FY 2004, IVRS reported a carryover amount of \$2,262,481; however, documentation reviewed by RSA indicated that IVRS actually had a carryover amount of \$7,997,089. In the final SF-269 submitted for FY 2005, IVRS reported that it had no carryover funds; however, documentation reviewed by RSA recently indicated that IVRS actually had a carryover amount of \$5,298,459. Finally, in the final SF-269 submitted for FY 2006, IVRS reported it had a carryover amount of \$46,181; however, documentation reviewed by RSA recently indicated that IVRS actually had a carryover amount for \$1,204,175.

Federal regulations require that all recipients of Federal funds must accurately report the financial results of all Federally-assisted activities (34 CFR 361.12 and 34 CFR 80.20(a)). IVRS, as a recipient of Federal Title I VR funds, must comply with the requirements of 34 CFR part 80 (34 CFR 361.4(a)(5)). IVRS failed to report accurately the amount of carryover funds it had for FYs 2004 through 2006 and, therefore, has failed to comply with the requirements of 34 CFR 361.12 and 34 CFR 80.20(a).

**Corrective Action 9:** IVRS must:

- 9.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will report carryover amounts, as well as all financial activities, completely and accurately as required by 34 CFR 361.12 and 34 CFR 80.20; and
- 9.2 revise the 4<sup>th</sup> quarter and final SF-269 reports for FYs 2004 through 2006 to reflect the accurate carryover amounts for each of those Federal fiscal years.

**Agency Response:** IVRS will submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will report carryover amounts, as well as all financial activities completely and accurately as required by 34 CFR 361.12 and 34 CFR 80.20.

IVRS will revise 4<sup>th</sup> quarter and final SF-269 reports for fiscal years 2004 through 2006 to reflect accurate carryover amounts for each of these Federal fiscal years.

**RSA Response:** RSA appreciates IVRS' cooperation toward completion of all the corrective actions.

**Technical Assistance:** IVRS does not request technical assistance..

**Additional Information Required**

RSA is requesting the agency's supporting documentation for obligated and expended funds reported on 4th quarter SF-269 reports for the VR and IL programs for FY 04 through FY 08. Specifically, the documentation should include a breakdown of the amounts obligated and expended split out by state and federal funds by chart of accounts for each program. Additionally, IVRS must submit the subsidiary ledgers (spreadsheets, printouts, etc.) that support the amounts included on the 4th quarter SF-269 reports. This information must be submitted to RSA within the 30 day review period of this draft report.

## CHAPTER 4: IDB VOCATIONAL REHABILITATION AND SUPPORTED EMPLOYMENT PROGRAMS

The following table provides data on the performance of the IDB VR and SE programs in key areas from FY 2003 through FY 2007.

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

<b>Program Highlights</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Total funds expended on VR and SE	\$7,739,451	\$7,709,348	\$9,027,174	\$8,774,895	\$9,878,184
Individuals whose cases were closed with employment outcomes	136	137	128	129	124
Individuals whose cases were closed without employment outcomes	19	26	31	29	27
Total number of individuals whose cases were closed after receiving services	155	163	159	158	151
Employment rate	87.74%	84.05%	80.50%	81.65%	82.12%
Individuals whose cases were closed with supported employment outcomes	2	4	7	11	14
New applicants per million state population	73	63	57	58	51
Average cost per employment outcome	\$6,628	\$10,845	\$10,871	\$14,355	\$20,264
Average cost per unsuccessful employment outcome	\$3,491	\$15,012	\$13,049	\$13,759	\$13,545
Average hourly earnings for competitive employment outcomes	\$12.30	\$14.65	\$14.13	\$12.98	\$13.25
Average state hourly earnings	\$14.76	\$15.17	\$15.86	\$16.33	\$16.97
Percent average hourly earnings for competitive employment outcomes to state average hourly earnings	83.33%	96.57%	89.09%	79.49%	78.08%
Average hours worked per week for competitive employment outcomes	33	32	33	31	32
Percent of transition age served to total served	15.5%	14.1%	16.9%	25.3%	16.6%
Employment rate for transition population served	83.3%	82.6%	55.6%	70.0%	76.0%
Average time between application and closure (in months) for individuals with competitive employment outcomes	29	35	32	35	33
Performance on Standard 1	Met	Met	Met	Met	Met
Performance on Standard 2	Met	Met	Not Met	Met	Met

## **VR and SE Service Delivery**

The principle office for IDB is located in Des Moines with district offices in Cedar Rapids and Cedar Falls. IDB provides the majority of its services internally. There are eight VR counselors, two of which are placement specialists with a slightly lighter case load who work on job exploration and job coaching. Generally, IDB does not use CRPs for service delivery. IDB coordinates with IVRS to provide services to individuals who have secondary disabilities or who want to pursue self-employment.

According to data submitted to RSA through the RSA-911, IDB does not assist many individuals to achieve SE outcomes. In FY 2006, six individuals achieved an SE outcome, seven in FY 2007, and three in FY 2008. However, the validity of these data may be affected by reporting errors.

IDB has an AT team with three members who work with staff and consumers on non-visual access technology including speech, Braille and magnification systems. One IDB staff member works with counselors regarding technology needs and secures quotations for IT purchases. IDB AT staff review each individual's skill level to ensure that he or she has the ability to use AT equipment or technology prior to purchase.

IDB employs two transition specialists who work with transition-age youths. The transition specialists attend IEP meetings and maintain contact with students throughout the school year. Transition-age youths are assigned to VR counselor caseloads. All visually impaired student cases are filed through the statewide vision system. The statewide vision system then refers the student either to IDB or to the University of Iowa, Center for Disabilities and Development, depending on the student's interests.

IDB runs summer camps and four weekend retreats throughout the year for transition-age youths with blindness. There is a one week summer camp for students who need remedial help and a six week camp for students who need basic blindness skills. Through these camps and retreats, IDB introduces the students to VR as a resource for them to utilize.

IDB operates a residential adjustment to blindness training center, which is co-located with the IDB offices in downtown Des Moines. The IDB spends approximately \$1.25 million annually to operate the orientation center, which is funded almost exclusively by Title I VR grant money. The training at the center may last from six to nine months, depending on individual needs. IDB counselors and staff are all required to complete a training program under sleep-shades prior to beginning full-time employment to instruct them in adjustment to blindness training methods and the department's philosophy of blindness.

IDB describes the training received by VR consumers at the center as pre-vocational, and the focus is on skills development and confidence building. Typically there are 10 to 20 residential students receiving training at the center at a time, matriculating in an as-needed basis rather than on a fixed schedule. Sixteen students were receiving residential training at the center at the time of the RSA on-site review. The orientation center has a capacity for 18 to 22 students, depending on student demographics. Individuals may also receive training on a non-residential

basis if they live in the Des Moines area, but all students are encouraged to participate in the residential program whenever possible to promote student interaction and peer learning. All training is conducted under sleep-shades in order to emphasize non-visual techniques for adjusting to blindness.

IDB operates one of the largest Library's for the Blind in the country and serves as the distribution center for Braille and talking books to all individuals in the state who qualify for services under the Library of Congress's National Library Services for the Blind and Physically Handicapped (NLS) program. The library occupies two floors of the department's six-story office building in downtown Des Moines and is funded primarily by Title I basic support dollars under the "services to groups" authority of the code of federal regulations, 34 CFR 361.49(a)(3).

## Personnel

IDB has 38 employees in its field operations and orientation center units. Table 4.2 below presents the breakdown of the number of staff and vacancies for each position. Of the total, eight are VR counselors and nine are rehabilitation teachers. IDB currently has vacancies for two VR counselors and one rehabilitation teacher. However, Iowa is currently under a statewide hiring freeze.

**Table 4.2**  
**IDB Personnel Data Demonstrating Job Categories, Number of Staff in Each Category and the Number of Position Vacancies for FY 2009**

<b>Position</b>	<b>Number of Staff</b>	<b>Number of Vacancies</b>
Public Service Executive	1	
Supervisors	2	
Rehabilitation Consultant	1	
VR Counselors	8	2
Rehabilitation Teachers	9	1
Deaf-Blind Specialist	1	
Rehabilitation Technology Specialists	3	
Support Personnel	4	
Orientation Center - Program Administrator	1	
Orientation Center - Rehabilitation Referral Specialist	1	
Orientation Teachers	5	
Transition Specialist	2	
<b>TOTAL</b>	<b>38</b>	<b>3</b>

In addition, the Library for the Blind and Physically Handicapped has a staff of 21 to provide library services to clients. The Department's Randolph-Sheppard program has four staff to

serve clients in the Business Enterprises Program.

To ensure a high standard of competency and credentials for its qualified rehabilitation professionals under the CSPD, IDB has defined and implemented personnel standards for VR counselors based on state approved and recognized certification requirements, which were duly promulgated under the Iowa State Administrative Procedures Act. Certification is required of all VR counselors employed by IDB. An individual may obtain full certification as a VR counselor by demonstrating competency in the following areas: knowledge, understanding, and implementation of the department's philosophy of blindness; knowledge of IDB's programs; skills in career planning and development; placement techniques and practices; occupational information, job site evaluation, and analysis; ability to develop alternative techniques of blindness; rehabilitation technology services; disability knowledge and issues; advocacy role; and case management. Provisional certification can be granted at the time of hire for no longer than 18 months to an individual holding at least a bachelor's degree from an accredited college or university and one year of work experience.

In the FY 2009 state plan, IDB reported all staff, including all eight VR Counselors, met the highest requirements in the state applicable to their profession. To maintain standards, personnel must participate in ongoing training through IDB.

## **Data Management**

Some IDB administrators and staff possess the requisite skills, knowledge and ability to analyze and use data. This knowledge, however, is not evenly distributed throughout the agency, but is concentrated in one or two positions. The knowledge and skills are available but not always applied to use data to its best advantage. Additionally, as data skills are localized, it is not clear if senior management has the opportunity to consider the agency's performance data and to use the results of analysis and the description of performance trends in planning and managing agency operations.

During the review, The VR counselors demonstrated an interest in the availability of performance data of the agency and its peer agencies. The opportunity to review detailed agency performance data did not seem to be a regular and unexceptional part of their jobs.

The agency-developed case management system has effective quality assurance components.

## **Quality Assurance**

IDB has several strong management practices in place that include a focus on internal controls. These internal controls are not limited to financial practices; they are quality assurance practices in everything but name. With the exception of a formal planning function, and the review of agency data, there is a strong group dynamic (due in part to the small size of the agency) that results in many people having the opportunity to participate and review agency operations to make sure it is proper, correct and appropriately focused. This is quality assurance as an integral part of the management culture. It is not named quality assurance, but the IDB business practices reflect quality assurance design elements and practices.

IDB does not collect customer satisfaction data from those program participants who drop out and IDB does not use quantitative analysis to analyze the QA-type data it has available. IDB has built a qualitative-based QA environment rather than the traditional quantitative-based QA environment.

## **Planning**

IDB's planning activities are predominantly reactive to external mandates and do not reflect the use of an IDB planning model. The development of the VR state plan is shaped by what IDB believes RSA wants to see in a state plan as opposed to developing a plan that identifies goals and then determines how to achieve them.

## **VR and SE Programs Technical Assistance Provided to IDB During the Review Process**

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

- the provision of services to individuals who are being served by another VR agency. IDB's policies prohibited serving individuals under an IPE if an individual is served by another agency. RSA provided technical assistance and clarification that IDB can serve and rehabilitate such individuals;
- the strategic planning process and how to establish measurable goals and performance measures and to incorporate those goals and performance measures into the VR state plan;
- the use of program data to identify measurable goals to improve the agency's overall operation; and
- the supported employment program regulations and the client population appropriate to receive supported employment services.

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

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

- consumer choice and consumer interests are highly valued, as staff work to provide the individual with the services, supports and training needed to obtain the employment goal;
- it is difficult to provide high quality services statewide due to staff shortages and budget constraints;
- there is a need to increase the visibility of IDB within the state so that more Iowans know about the services offered; and
- there is a need to better advertise and publicize the public meetings and public forums in order to obtain public input.

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

## Continuing Education Needs of IDB Staff

RSA solicited input from IDB and its stakeholders to identify the following continuing education needs of IDB's staff:

- training for staff in the provision of assistive technology and keyboarding skills, specifically skills to assist individuals who are deaf-blind and receiving services from IDB;
- training for VR counselors in using RSA's MIS and analyzing performance data;
- training in SE program regulations; and
- training in strategic planning.

## VR and SE Performance Observations and RSA Recommendations

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

### 1. Contraction of the VR Program

**Observation:** Over the past several years, the VR program at IDB has been slowly but steadily contracting. IDB has been serving fewer individuals and achieving fewer employment outcomes. Additionally, IDB's visibility in the rural communities is low and referrals have remained stagnant for the past few years.

- From FY 2003 through FY 2007, the number of individuals determined eligible for IDB services decreased from 235 to 170, the number of individuals in a plan decreased from 638 to 522, and the number of individuals whose cases were closed with an employment outcome decreased from 136 to 124. Additionally, the number of referrals has slightly decreased but remained essentially stagnant from FY 2003 (155) through FY 2007 (151). See Table 4.3 below.

**Table 4.3**  
**IDB Referral, Application and in Plan Status for FY 2003 through FY 2007**

Case Status of individuals	2003	2004	2005	2006	2007
Total number of referrals	155	163	159	158	151
Total Number of applicants	231	209	187	186	163
Total number of persons determined eligible	235	217	195	199	170
Total number of individuals in plan	638	598	562	546	522
Total number closed with an employment outcome	136	137	128	129	124

- Of the 151 referrals in FY 2007, 92 (or 61 percent) reported their referral source as "self-referral" and 26 (or 17 percent) reported their referral source as "other."

- The employment rate has slowly decreased from FY 2003 (88 percent) through FY 2007 (82 percent). The total number of individuals closed with an employment outcome has decreased from FY 2003 (136) through FY 2007 (124), whereas the total number of individuals closed without an employment outcome has increased from FY 2003 (19) through FY 2007 (27). Additionally, from FY 2003 through FY 2007, there was an increase from 7 to 14 individuals exiting the VR program after eligibility was determined but before an IPE was developed and an increase from 17 to 22 individuals exiting the program after an IPE was developed but before services were begun. The number of individuals exiting the VR program as applicants has slightly decreased from 16 in FY 2003, to 10 in FY 2007. See Table 4.4 below.

**Table 4.4  
IDB Types of Closures for FY 2003 through FY 2007**

<b>Types of Closures</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Employment Rate	0.88	0.84	0.81	0.82	0.82
With Employment	136	137	128	129	124
Without Employment	19	26	31	29	27
After eligibility, Before IPE Developed	7	17	15	23	14
After IPE Developed, Before Services Initiated	17	16	14	14	22
As an Applicant	16	18	21	9	10

- Since FY 2002, IDB has not met the required minimum performance level for Indicator 1.1, the difference in the number of individuals with employment outcomes from the prior two years. See Appendix F for the full report of standards and indicators.
- When analyzing the data and case flow of the agency, IDB only considers information related to the cases of individuals who achieved employment and those who did not after receiving services. IDB does not analyze trends pertaining to individuals who withdrew from the VR program or whose cases were closed prior to receiving services.
- IDB provides consumer satisfaction surveys to individuals at the time when their cases are closed. IDB does not survey individuals at any other time during the various stages of the VR process.
- IDB lacks a cohesive marketing plan to improve its outreach to the broader community.
- Stakeholders reported that IDB’s visibility in the community is low due to the fact that VR staff are not based out of local field offices in rural areas.

**Recommendation 1:** RSA recommends that IDB:

- 1.1 survey consumers at various steps throughout the VR process, not just at the time of case closure;
- 1.2 develop and implement methods for accurately identifying referral sources that are underrepresented in the agency’s current network;
- 1.3 develop and implement a marketing plan and track which marketing strategies are effective;
- 1.4 analyze trend data related to those individuals who withdrew from the VR program or whose cases were closed prior to service delivery; and

1.5 consider locating staff in local VR offices in order to increase visibility of IDB in rural communities.

**Agency Response:** IDB thanks RSA for their cogent analysis and careful consideration of IDB programs. IDB will consider these recommendations as they align with IDB's philosophy of service, available funding and personnel.

**Technical Assistance:** IDB does not request technical assistance.

## 2. Quality of Employment Outcomes

**Observation:** In terms of the quality of employment outcomes, IDB is more effective serving individuals who seek job retention services, than it is serving individuals who are unemployed at the time of application.

- Since FY 2004, IDB has not met the required performance level for Indicator 1.6, which measures the difference between the percentage of individuals who are self-supporting at closure and application. In FY 2007, 224 individuals achieved competitive employment outcomes. Of those 224, 102 individuals were self-supporting at application and 157 were self-supporting at closure.
- During FY 2007, almost 50 percent of the individuals served were already employed at application. When these individuals came to IDB, they were already earning on average \$12.94 per hour. At closure, these individuals were earning on average \$15.03 per hour. Comparatively, those individuals who were not employed at application earned on average \$7.43 per hour when their cases were closed with employment. IDB indicated that it is difficult to find jobs that are not entry-level, and thus lower paying, for individuals who come to IDB unemployed at application. See Table 4.5 and 4.6 below.

**Table 4.5**  
**IDB Closure Performance for Individuals Employed at Application with an Employment Outcome for FY 2007**

Closure performance Measures	Iowa – Blind	All Blind Agencies	All Agencies
Employment rate for individuals with earnings	0.93	0.89	0.79
Percent of total served	49.0%	37.4%	20.6%
Average hourly wage at application	\$12.94	\$12.21	\$11.10
Average hourly wage at closure	\$15.03	\$13.36	\$12.47

**Table 4.6**  
**IDB Closure Performance for Individuals Not Employed at Application with**  
**an Employment Outcome for FY 2007**

Closure Performance	Iowa – Blind	All Blind Agencies	All Agencies
Employment rate for individuals without earnings	0.72	0.60	0.54
Percent of total served	49.7%	60.5%	77.6%
Average hourly wage at closure	\$7.43	\$7.91	\$9.44

- The average hourly earnings for individuals achieving competitive employment outcomes increased from \$12.30 in FY 2003 to \$13.25 in FY 2007. However, during this same time period, IDB experienced a steady decrease in the number of individuals who achieved competitive employment at 35 or more hours per week (74 in FY 2003 to 61 in FY 2007), the number of individuals who achieved competitive employment at the SGA level at 35 hours or more per week (63 in FY 2003 to 46 in FY 2007), and in the number of individuals who achieved competitive employment with employer provided medical insurance (53 in FY 2003 to 36 in FY 2007). Additionally, since FY 2003, the average cost per employment outcome has more than doubled from \$6,628 to \$20,264 in FY 2007. See Table 4.7 below.

**Table 4.7**  
**IDB Quality of Competitive Employment Outcomes for FY 2003 through FY 2007**

Competitive employment outcomes	2003	2004	2005	2006	2007
Percent closed with competitive employment	84.6%	83.2%	89.8%	89.1%	87.9%
Average hourly earnings for competitive employment outcomes	\$12.30	\$14.65	\$14.13	\$12.98	\$13.25
Number closed with competitive employment at 35 or more hours per week	74	69	75	65	61
Number closed with competitive employment at SGA level at 35 or more hours per week	63	63	67	52	46
Number closed with competitive employment with employer provided medical insurance	53	52	59	50	36
Average cost per employment outcome	\$6,628	\$10,846	\$10,871	\$14,355	\$20,264

**Recommendation 2:** RSA recommends that IDB:

- 2.1 develop a component for the comprehensive needs assessment that targets individuals who are unemployed at application as a population that is unserved / underserved by IDB; and
- 2.2 develop measurable goals and strategies for increasing services and quality outcomes to individuals who are unemployed at application.

**Agency Response:** IDB does not agree that this is an underserved population. IDB constantly strives to improve services to all populations including those who are unemployed at application.

**Technical Assistance:** IDB does not request technical assistance.

### 3. Allocation of Resources

**Observation:** IDB commits a substantial percentage of its Title I VR program funds to enterprises other than directly serving VR consumers under an individualized plan for employment. Of such non-direct service expenditures, the business enterprise program (BEP), and the library for the blind consume the largest share – approximately \$3 million annually of an overall budget of \$11 million.

#### **The Business Enterprise Program (BEP)**

- In FY 2008, IDB spent approximately \$1 million to fund its business enterprise program, including four full-time staff, vending machine purchases, and machine repair and maintenance. The Iowa BEP program does not levy a “set-aside” from its current vendors and funds all BEP expenses from Title I grant money. There are currently 24 individuals managing 25 BEP sites. The data reported by IDB to RSA indicates that IDB has not assisted an individual to become a licensed vendor in BEP in over three years, from FY 2006-FY 2008. At the time of the RSA review, there was only one VR consumer training to become a BEP manager.
- According to the IDB BEP supervisor, the BEP program in Iowa is focusing on closing unprofitable sites and establishing thresholds of profitability for the remaining sites along with any new facilities. This resulted in the closing or consolidating of several sites, such that the number of BEP sites shrank from 28 in FY 2006 to 25 in FY 2008. A number of sites that remain open still do not meet the agency’s own threshold of profitability. The supervisor indicated that the program was shifting away from supporting cafeteria sites in favor of vending machine facilities that are believed to be more profitable.
- The low number of BEP placements or individuals in BEP training result from a lack of referrals from VR counselors who are more focused on supporting individuals with self-employment as their vocational goal, and the challenge of identifying and maintaining new BEP vending sites. For many counselors, the BEP program is not seen as a viable vocational outcome for most of IDB’s consumers. The IDB BEP manager and VR counselors confirmed this assumption during meetings while on-site in Des Moines.

#### **Library for the Blind Services**

- The Iowa Department for the Blind operates one of the largest Libraries for the Blind in the country and serves as the distribution center for Braille and talking books to all individuals in the state who qualify for services under the Library of Congress’s National Library Services for the Blind and Physically Handicapped (NLS) program. The library occupies two floors of the department’s five-story office building in downtown Des Moines and is funded primarily by Title I VR program funds under the “services to groups” authority found in 34 CFR 361.49(a)(3).
- In FY 2008, IDB spent approximately \$2 million to fund library services, \$1.7 million of which came from the Title I VR grant, including salary support for 24 full-time staff. Some of the services provided by the library include:

- distribution of Braille and talking books, along with the adaptive equipment required to play books in alternative audio formats;
  - production of audio books, magazines, and newsletters of general and specific interest;
  - retention and development of one of the largest circulating Braille collections in the country;
  - production of Braille materials as an accommodation for vocational placements, such as workplace safety manuals, technical and operations guides, and other employment related materials;
  - Braille transcription for other state offices and agencies for blind staff and the general public;
  - special transcription requests submitted by blind or visually impaired residents of Iowa; and
  - referral source of library patrons to the VR and IL programs administered by the IDB.
- Established in 1960, the library plays a significant role in the history of the department and continues to be a high profile service provided by the department to the blind and visually impaired community in Iowa. As such, library staff vacancies are quickly filled, and the library is featured in many of the department’s outreach materials and annual reports.
  - The library is in the process of converting its collection of audio books from analog to digital formats. This will dramatically change the way in which print materials are both stored and transmitted. At this time, however, IDB does not expect to realize substantial cost savings in the medium term as a result of the shift from books on tape to digital formats.

**Staffing Levels**

- In FY 2007, 26.7 percent of the total IDB staff were counselor staff, 7.8 percent were staff supporting counselor activities, and 53.3 percent were classified as “other staff.” Comparatively, the average for similarly situated agencies was 31 percent counselor staff, 28 percent staff supporting counselor activities, and 22 percent “other.” See Table 4.8 below.

**Table 4.8  
IDB Staffing for FY 2003 through FY 2007**

<b>Staff</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Total	85	96	89	88	90
Admin Staff	6	11	11	12	11
Percent	7.1%	11.5%	12.4%	13.6%	12.2%
Counselor Staff	21	22	24	25	24
Percent	24.7%	22.9%	27.0%	28.4%	26.7%
Staff Supporting Counselor Activities	10	9	8	6	7
Percent	11.8%	9.4%	9.0%	6.8%	7.8%
Other Staff	48	54	46	45	48
Percent	56.5%	56.3%	51.7%	51.1%	53.3%

- IDB VR counselor staff indicated that they were over-worked and under-staffed. They indicated that it would be helpful to have a few more VR counselors at IDB to spread out the work load and provide better coverage across the state.

**Recommendation 3:** Given the substantial percentage of IDB's overall budget that is currently committed to the two above described programs, RSA recommends that IDB:

- 3.1 undertake strategic planning to identify actions the agency can take to maximize BEP referrals, placements and profitability;
- 3.2 convene a task force that includes the BEP manager and VR counselors to develop policies and procedures for identifying potential candidates for BEP training verses self-employment;
- 3.3 solicit input from blind consumer groups in Iowa for ideas on how to improve the program's image as well as its outcomes;
- 3.4 establish long-range goals for BEP in Iowa, including clarification of the agency's role in sponsoring the BEP program;
- 3.5 review the quality and quantity of referrals from the library to the VR program in order to assess the degree to which the agency is maximizing the library as a resource for attracting new consumers, particularly those currently unemployed or newly blind;
- 3.6 identify sources of funding from private enterprises and charitable foundations to help underwrite the cost of Braille and talking book production not directly benefiting VR consumers;
- 3.7 identify explicit mechanisms by which library services may develop employer and business connections, turning outreach efforts into employment opportunities for VR consumers;
- 3.8 identify and implement cost-saving measures of delivering library services wherever possible in order to make available more Title I grant funds for direct services to individuals receiving VR services from IDB; and
- 3.9 develop and implement a time-study to analyze staffing levels and appropriate case loads for VR counselors.

**Agency Response:** IDB agrees with these recommendations. However, IDB notes that due to training issues, coding errors occurred for BEP closures in the 911 report. IDB believes it may have had four BEP closures in FY 2006 and three BEP closures in FY 2007.

**RSA Response:** RSA discussed this data reporting error in follow-up conversations with IDB. While there may have been a small number of BEP closures in FY 2006 and FY 2007, it is unclear how many of these closures constituted new vendor licensees or individuals who were seeking services for purposes of job retention.

**Technical Assistance:** IDB does not request technical assistance.

#### **4. The Iowa Orientation and Training Center for the Blind**

**Observation:** IDB needs to increase the VR focus of the Iowa Orientation Center for the Blind training program and develop more rigorous measurements of orientation center performance.

- There are 10.75 full-time staff who work at the orientation center. In addition to the director and assistant director, the orientation staff consists of: one industrial arts instructor, two travel instructors, two transition specialists, two home economic/life skills instructors, one computer instructor, and a three-quarters-time computer instructor.

- IDB describes orientation training as primarily pre-vocational in nature. The job-related component of each student's training is individualized to meet the student's needs.
- IDB has only recently begun to measure the effectiveness of its orientation center training with pre and post training surveys. Currently, only those who successfully complete the full adjustment to blindness training program take the post-training survey. The survey is also not given to those who exit the training before finishing or to those who leave the VR program without an employment outcome. The survey focuses primarily on measuring attitudes about blindness, assessing basic living skills, and orientation and mobility needs. Questions on the survey are open-ended, capturing subjective responses.
- IDB does not track the long-range success of individuals who complete the training program, students who leave the training program early, or those who receive instruction in their home communities in order to better measure the effectiveness of the adjustment to blindness training received at the center.
- IDB maintains a very large database of training center alumni, but does not utilize this resource for longitudinal assessments of the center's effectiveness at preparing individuals for employment beyond the 90 days required by the Rehabilitation Act.
- IDB has emphasized the importance of providing tours of the centers to VR consumers who may be prospective students in order to increase the number of individuals who receive residential training. VR counselors are evaluated on the number of tours they arrange for their VR clients. So far, despite an increase in the number of tours given each year, the number of students who participate in the full residential program has not increased.
- IDB does not have a long-range strategic plan for the training center.

**Recommendation 4:** RSA recommends that IDB:

- 4.1 strengthen the vocational component of the adjustment to blindness training offered at the orientation center, including work experience, career exploration and skills assessment activities, job shadowing, job search training and activities, employer database development, the use of employment specialists, and any other appropriate employment focused training modules that otherwise would not interfere with the core curriculum of adjustment to blindness instruction;
- 4.2 expand the use of its pre- and post-training survey to include those who leave the program early, and those who receive services in the community;
- 4.3 strengthen the methodology of the pre- and post-survey to capture more longitudinal data and to bolster the vocational questions on the survey, including for those employed at the time of application to the VR program;
- 4.4 utilize the alumni database as a resource to track the long-term success of those who graduate from the training center and to collect customer service satisfaction information;
- 4.5 establish a task force to identify key barriers to attracting new students to the center and to further identify the most salient factors leading to the successful completion of the residential training program; and
- 4.6 use the information from the above recommended activities to develop a long-range strategic plan for the orientation center, which establishes measurable goals and targets of center performance.

**Agency Response:** IDB believes deeply in the pre-vocational nature of its Orientation Center programming. IDB agrees with the recommendations to gather, analyze and utilize data. IDB believes that internal data shows a correlation between the number of tours and students enrolling in the Orientation Center.

**Technical Assistance:** IDB does not request technical assistance.

## 5. Transition Services

**Observation:** IDB employs two transition specialists who work with transition-age youths. The transition specialists attend IEP meetings and maintain contact with students throughout the school year. The transition specialists are each assigned to one of the two rehabilitation teams within IDB. Students are assigned to VR counselor caseloads. The VR counselors do not fully utilize the transition specialists.

- In FY 2007, approximately ten percent of the total population served were transition-age youths. The employment rate for transition-age youths in FY 2007 was 67 percent. Nineteen transition-age youths received an employment outcome in FY 2007, while the cases of another 16 were closed prior to the achievement of an employment outcome.
- In FY 2007, 52.8 percent of students served exited with an employment outcome, after receiving services. However, 27.8 percent exited without an employment outcome, after developing a signed IPE, but before receiving services.
- The average hourly earnings for transition age youths increased from \$8.88 in FY 2003 to \$11.03 in FY 2007. However, the average hours worked per week remained stagnant from FY 2005 (32.6) to FY 2007 (33.1).
- IDB does not have a work experience component built into the transition program. IDB wants to incorporate such a component into the transition program, but due to the staff this would require, has been unable to do so during the Iowa statewide hiring freeze.

**Recommendation 5:** RSA recommends that IDB:

5.1 develop methods for incorporating a work experience component into the transition program that use the skills of existing staff;

5.2 develop a tool, which should include a component for staff feedback, to evaluate how well the transition specialists and VR staff are functioning together in the provision of transition services; and

5.3 after conducting the evaluation, develop a structure to better utilize the transition specialists in the VR program, specifically with VR counselors.

**Agency Response:** IDB agrees with these recommendations.

**Technical Assistance:** IDB does not request technical assistance.

## 6. Supported Employment and CRPs

**Observation:** IDB has had limited success in assisting individuals to achieve SE outcomes over the past several years.

- According to data submitted to RSA through the RSA-911, IDB assisted six individuals to achieve SE outcomes in FY 2006, seven in FY 2007, and three in FY 2008.
- Although IDB indicated that these data were inaccurate due to coding errors by staff, the agency indicated that it does not actively pursue SE outcomes on behalf of the individuals it serves.
- IDB does not actively conduct outreach to blind individuals with multiple disabilities who could benefit from SE services.
- IDB works with the CRPs in the state infrequently and has not collaborated worked with these entities to develop SE services for individuals who are the blind.
- IDB indicated that it has insufficient resources for the provision of supported employment services and has not actively developed cooperative agreements with other entities for extended services in supported employment.
- IDB management and counseling staff lack an understanding of the federal statutory and regulatory provisions governing the SE program. Several staff members indicated that they were unclear about such issues as the use of extended services as specified in the program regulations, the target population appropriate for supported employment as well as the role of the VR program in the provision of SE services.

**Recommendation 6:** RSA recommends that IDB:

6.1 expand its outreach efforts to individuals who are blind and have multiple disabilities so that they can benefit from SE services;

6.2 develop the capacity of the CRPs in the state to provide SE services focused on assisting individuals who are Blind and who have multiple disabilities;

6.3 work to establish other resources for the provision of supported employment services and develop cooperative agreements with other entities for the provision of extended services to individuals in supported employment; and

6.4 train all staff on the federal requirements governing the SE program to ensure that it is properly administered.

**Agency Response:** IDB agrees with these recommendations.

**Technical Assistance:** IDB does not request technical assistance.

## 7. Data Management

**Observation:** A small number of IDB staff use agency performance data in a meaningful fashion.

- The use of performance data and trend analysis are not part of the fabric of the organization.
- IDB management analyzes the data for individuals who achieve a competitive employment outcome. Little, if any, data are amassed or analyzed about individuals who leave IDB without a successful employment outcome.

- Outcome data are not disaggregated and while average performance is assessed by management, management does not take advantage of the opportunities to use sub-group analysis or to analyze patterns of services provided/received with outcomes.
- There is vital information stored within the agency's data base that has not been retrieved for full use by agency management, including data describing those individuals who did not receive an employment outcome.

**Recommendation 7:** RSA recommends that IDB:

7.1 train staff on how to use data to drive agency performance and to support a culture of performance data-driven decision making, including how counselors can use agency data to help manage caseloads;

7.2 expand responsibilities for analyzing data beyond the few individuals charged with analyzing all IDB data;

7.3 expand management focus beyond successful employment outcomes. Consumers who drop out both before and after plan development, and those whose cases are closed unsuccessfully represent an opportunity to learn about how IDB functions, how consumers perceive the agency and the services they receive and how to increase the likelihood of successes for future consumers and, to identify possible reasons for unsuccessful rehabs;

7.4 analyze multiple variables for IDB consumers. Determine if there is a relationship between length of time consumers receive services from IDB and likelihood of successful employment outcome; and

7.5 extend the use of the agency-developed case management system to support the effective distribution of cases among the VR counselors. Counselors can train each other and share best practices for use to use the system for caseload management purposes.

**Agency Response:** IDB agrees with these recommendations.

**Technical Assistance:** IDB does not request technical assistance.

## 8. Planning

**Observation:** IDB's planning processes are limited in scope, do not utilize fiscal and program data, and do not reflect input from agency staff.

- IDB's planning was not targeted to agency performance goals.
- IDB's planning processes do not address external factors, such as expected funding levels, state/local economy, employment trends and community hiring practices.
- The use of quantitative data is not evidenced in IDB's development of the state plan.
- Agency staff do not participate in the process of developing the agency's vision.
- The VR state plan does not have targeted goals that address agency priorities.

**Recommendation 8:** RSA recommends that IDB:

8.1 implement a strategic planning process that includes the development of strategies to ensure the plan clearly communicates how the agency will improve its performance;

8.2 increase the collection, analysis and use of data to help provide a basis for data-driven decision-making, the development of measurable goals in the state plan, and the assessment of program performance over time and against desired levels of performance

8.3 include in the planning processes the consideration of external factors; resist the temptation to focus solely on those activities that IDB believes to be within its control; and

8.4 involve fiscal staff as partners in both the strategic planning process and the development of the state plan.

**Agency Response:** IDB agrees with these recommendations.

**Technical Assistance:** IDB does not request technical assistance.

## 9. Quality Assurance (QA)

**Observation:** IDB has not developed a comprehensive approach to QA.

- While some staff are interested and aware of quality assurance concepts and principles, there is an inconsistent implementation of QA across agency activities and programs.
- There is no individual responsible for or organizational unit focused on QA.
- There is an incomplete approach to collecting customer satisfaction data. IDB only surveys individuals who received services and exited the VR program with or without an employment outcome. IDB does not obtain customer satisfaction information from individuals who withdraw from the program prior to receiving services.
- The QA process does not address contract monitoring, case reviews, the accuracy of federally required financial and performance reports, the effectiveness of training services, and implementation of strategic goals and priorities.

**Recommendation 9:** RSA recommends that IDB:

9.1 Construct a logic model of consumers' interactions with IDB, identify points at which customer satisfaction data, if collected, would be useful to IDB and collect customer satisfaction data from consumers other than those with an employment outcome;

9.2 establish a quality assurance team or unit to collect and analyze data addressing the timeliness, quality, efficiency and effectiveness of services delivered to individuals and to provide recommendations to the Director on improving service delivery; and

9.3 establish performance benchmarks and compare IDB results against these benchmarks.

**Agency Response:** IDB agrees with these recommendations.

**Technical Assistance:** IDB does not request technical assistance.

## **CHAPTER 5: FISCAL MANAGEMENT OF IDB'S VOCATIONAL REHABILITATION, SUPPORTED EMPLOYMENT, INDEPENDENT LIVING AND OLDER INDIVIDUALS WHO ARE BLIND PROGRAMS**

RSA reviewed IDB's fiscal management of the VR, SE, IL, and OIB programs. During the review process RSA provided technical assistance to the state agency to improve its fiscal management and identified areas for improvement. RSA reviewed the general effectiveness of the agency's cost and financial controls, internal processes for the expenditure of funds, use of appropriate accounting practices, and financial management systems.

### **Fiscal Management**

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

**Table 5.1  
Fiscal Data for IDB from FY 2004 - FY 2008**

<b>Fiscal Year</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Grant Amount</b>	5,569,334	6,287,764	6,560,058	6,806,302	6,816,185
<b>Required Match</b>	1,507,329	1,701,771	1,775,467	1,842,112	1,844,787
<b>Federal Expenditures</b>	5,569,334	6,287,764	6,560,058	6,806,302	**6,669,234
<b>Actual Match</b>	1,507,330	2,036,720	1,775,467	2,027,806	1,844,787
<b>Over (Under) Match</b>	1	334,949	0	185,694	0
<b>Carryover at 9/30 (year one)</b>	285,915	0	5,732	0	602,657
<b>Program Income</b>	0	43,704	842,787	309,341	884,334
<b>Maintenance of Effort (MOE)</b>	1,454,360	1,474,602	1,507,330	2,036,720	1,775,467
<b>Administrative Costs</b>	588,460	1,000,821	825,442	995,643	894,536
<b>*Total Expenditures</b>	7,709,348	9,027,174	8,774,895	9,878,184	8,969,928
<b>Percent Admin Costs to Total Expenditures</b>	7.63%	11.09%	9.41%	10.08%	9.97%

\*Includes Supported Employment Program Expenditures.

\*\* Deadline for obligating FY 2008 federal grant funds – September 30, 2009.

### **Explanations Applicable to the Fiscal Profile Table**

#### **Grant Amount:**

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

**Match (Non-Federal Expenditures):**

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

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

**Carryover:**

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

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

**Program Income:**

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

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

## **Maintenance of Effort (MOE):**

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

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

## **Administrative Costs:**

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

## **Fiscal Technical Assistance Provided to IDB During the Review Process**

RSA provided VR, SE, IL, and OIB program technical assistance to IDB during the review process regarding:

- Potential areas for improving resource management;
- Methods to strengthen the contract development process; and
- Record retention.

## **Observations of IDB about the Fiscal Management Performance of the VR, SE, IL, and OIB Programs**

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

- IDB is developing a workforce plan to address retirement vacancies. The average age of the agency's employees is over 50 years; and
- the number of referrals to the agency's programs has declined.

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

## VR, SE, IL, and OIB Programs' Fiscal Management Performance Observations and RSA Recommendations

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

### 1. Time Certification Requirement

**Observation 1:** OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments, Attachment B, Paragraph 11.h. (3), requires that the salaries and wages for employees working solely on a federal grant be supported by periodic certifications. These certifications must be prepared at least semi-annually and must also be signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee.

- IDB has chosen to comply with this requirement by having the employee certifications signed by the IDB's chief fiscal officer. This method does not ensure that the certification is signed by the employee or a *supervisory official having first-hand knowledge of the work performed*. (emphasis added)

**Recommendation 1:** RSA recommends that IDB develop procedures to ensure that certifications are signed by the employee or appropriate supervisory official in accordance with OMB A-87.

**Agency Response:** This recommendation has been implemented. Time sheets signed by each employee and the respective supervisor now also contain a concurrent certification for each pay period as to the allocation of costs, rather than a less frequent semi-annual certification.

**Technical Assistance:** IDB does not request technical assistance.

### 2. Contract Internal Controls

**Observation 2:** Through a review of several agency contracts, RSA identified areas where internal controls need to be strengthened.

- Federal assurances were not included in all contracts, agreements, or arrangements for which federal funds were used.
- The SILC contract was completed by filling in payment points by hand.
- Contracts were amended through emails or approved by a person not having signatory authority (i.e., Youth Leadership Forum contract).
- Some expenses were applied to the wrong contract and lacked certification of expense (i.e., Youth Leadership Forum and College Leadership Forum contracts).

**Recommendation 2:** RSA recommends that IDB develop policies and procedures to ensure that:

- 2.1 federal assurances are included in all contracts, agreements, or arrangements for which federal funds are used;
- 2.2 contract amendments are made in accordance with contract requirements and agreed to by all parties; and
- 2.3 invoices reflect charges to the appropriate contract and are signed by the authorized person certifying the expense.

**Agency Response:** The Department will implement this recommendation.

**Technical Assistance:** IDB does not request technical assistance.

## **VR, SE, IL, and OIB Programs' Fiscal Management Compliance Findings and Corrective Actions**

The Rehabilitation Services Administration (RSA) has identified the following compliance findings and corrective actions that the Iowa Department for the Blind (IDB) must undertake. IDB must develop a corrective action plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective actions identified below, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. IDB must submit the corrective action plan to RSA within 45 days of the issuance of the final report. RSA is available to provide technical assistance to IDB as needed.

### **Legal Requirements for Finding 1 and Finding 2:**

Section 100(a)(2) of the Rehabilitation Act of 1973, as amended (Rehabilitation Act), and 34 CFR 361.1 of its implementing regulations establish that the purpose of the VR program is to provide services to individuals with disabilities so that they may achieve an employment outcome that is consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.

Section 111(a)(1) of the Rehabilitation Act and 34 CFR 361.3 of its implementing regulations require that Title I Vocational Rehabilitation (VR) program funds be used solely to cover the costs of providing VR services and administering the VR program.

Section 103(b)(1) of the Rehabilitation Act and 34 CFR 361.49(a)(5) of its implementing regulations authorize the VR agency to provide services that benefit groups of individuals with disabilities, including certain services to assist individuals with disabilities start a small business, including those business enterprises established under the Randolph-Sheppard program. The types of services that the VR agency may provide under this authority are management and supervision services, initial stocks and supplies, initial operating expenses, and acquisition of vending facilities or other equipment.

OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, Attachment A (2 CFR Part 225, Appendix A), in pertinent part, states:

- C.1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of this Circular.
  - c. Be authorized or not prohibited under State or local laws and regulations....
- C.3. a. A cost is allocable to a particular cost objective if the goods and services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

### 1. Teaming Agreements -- Unauthorized Activity and Unallowable Expenditures

**Finding:** From January 1, 2007 to November 16, 2007, IDB entered into an agreement, known as a "Teaming Agreement," with a contractor to replace the licensed blind vendors in the Capitol Complex. From November 1, 2007 until November 16, 2007, IDB entered into a similar agreement with a contractor to replace the licensed blind vendors in the Lucas State Office Building. The contracts were temporary measures to transition the food service at these sites from licensed blind vendors to an independent contractor not associated with IDB. Pursuant to the terms of the Teaming Agreement, IDB paid the contractor a consultant fee and reimbursed all operating expenses plus an additional 6 percent. IDB used VR program funds to pay these expenditures.

In order to be an authorized activity under Title I of the Rehabilitation Act, and thus an allowable program cost, an expenditure must cover the cost of providing a VR service or administering the VR program (section 111(a)(1) of the Rehabilitation Act and 34 CFR 361.3). While IDB is authorized to assist licensed blind vendors with the start-up costs of a small business enterprise, for a period not to exceed six months, there is no authority under Title I of the Rehabilitation Act for IDB to continue to provide such services throughout the life of the business or to pay for the expenses incurred in transitioning the food service to a private entity not connected to IDB (section 103(b)(1) of the Rehabilitation Act and 34 CFR 361.49(a)(5)). Furthermore, IDB's use of the Teaming Agreements to continue food service after the licensed blind vendors ceased operations of those facilities is beyond the scope of the Randolph-Sheppard Act, its implementing regulations, and the Iowa Administrative Rules governing the Business Enterprise program (20 USC section 107 *et seq.*, 34 CFR part 395, Iowa Administrative Rules Chapter 7).

After reviewing all of the relevant information regarding IDB's Teaming Agreements and IDB's expenditures of Title I funds for this purpose, we have determined that the expenditures for these Teaming Agreements are unauthorized under Title I of the Rehabilitation Act for two reasons. First, the purpose of IDB's Teaming Agreements was to support the payment of consultant fees and operational expenses to transition the delivery of food service at two public buildings from licensed blind vendors to an independent contractor not associated with IDB; it was not to carry out the purpose of the VR program and provide services to individuals with disabilities so that they may achieve an employment outcome. As such, IDB's Teaming Agreements are outside the scope and purpose of the VR program (section 100(a)(2) of the Rehabilitation Act and 34 CFR 361.1). Second, the services provided pursuant to the Teaming Agreements do not constitute

“VR services for the benefit of groups of individuals with disabilities,” as required by section 103(b) of the Rehabilitation Act and 34 CFR 361.49. Thus, these expenditures are unallowable under the VR program pursuant to the cost principles governing State agencies (OMB Circular A-87, Attachment A, paragraph C (2 CFR Part 225, Appendix A, paragraph C)).

**Corrective Action 1:** IDB must:

- 1.1 cease using Title I funds to finance any Teaming Agreements that may currently exist;
- 1.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will no longer use Title I VR funds to finance Teaming Agreements. IDB must assure that it will use Title I funds for authorized activities, namely for:
  - a) the provision of VR services consistent with section 103 of the Rehabilitation Act and 34 CFR 361.48 and 361.49 of the VR regulations, and
  - b) administrative costs as required by section 111(a)(1) of the Rehabilitation Act and 34 CFR 361.3.
- 1.3 submit detailed data regarding the amount of VR program funds expended on these contracts.

RSA reserves the right to pursue enforcement action as it deems appropriate, including the recovery of Title I VR funds expended for these Teaming Agreements, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of the Education Department General Administrative Regulations (EDGAR).

**Agency Response:** The use of Title I funds for this purpose was of limited duration as noted above. IDB has already discontinued using VR funds in this manner and has no plans to resume doing so. IDB understands and hereby provides the assurances required above. In reply to # 1.3 above, IDB expended \$ 85,585 for this activity during the year ended September 30, 2007, and for the year ended September 30, 2008, \$25,941. Pursuant to ongoing communication with RSA during and since the monitoring team’s visit, IDB plans to amend the financial reports for Title I grants for 2006, 2007, and 2008 as a result of the recent position taken by RSA concerning the settlement of retroactive FLSA overtime claims approved by the state appeal board. The majority of the costs attributable to the overtime claims are allocable to the Title I grants for the respective years. Amending the reports will add \$73,197 to the non-federal share; for 2007, \$252,264; and for 2008, \$203,233. IDB proposes to resolve this by netting the costs of the above finding against the overmatch already reported and against the addition to the non-federal share occasioned by the settlement of the FLSA claims and is now prepared to file the amended reports for 2006 and 2007. The final report for 2008 will be due December 31, 2009. IDB expects to file the report on schedule and to include in the non-federal share the additional FLSA costs allocable to 2008. A timely resolution of this issue is critical to determining the actual MOE requirement for the current year, which ends within two weeks of the due date for IDB’s reply to this report.

**RSA Response:** RSA appreciates IDB's detailed response to this finding and its cooperation in completing all of the corrective actions.

**Technical Assistance:** RSA Fiscal Unit staff will contact the agency to discuss the process for adjusting the Federal Financial Reports.

## 2. Vendor Rent -- Unauthorized Activity and Unallowable Expenditures

### Additional Specific Legal Requirement:

Iowa Code 216D.3 states that: “[a] governmental agency which proposes to operate or continue a food service in a public office building shall first attempt in good faith to make an agreement for the commission or the blind to operate the food service without payment of rent.”

**Finding:** Under Iowa Code 216D.3, licensed blind vendors operating food service facilities in public buildings under the Randolph-Sheppard program do not have to pay rent. However, in FY 2008, the Iowa Department of Administrative Services (DAS) charged IDB, the State Licensing Agency for the Randolph-Sheppard vending program, \$0.27 per square foot of space utilized in State buildings for the Randolph-Sheppard vending operations. IDB used VR program funds to pay these rent expenses.

In order to be an authorized activity under Title I of the Rehabilitation Act, and thus an allowable program cost, the expenditure must cover the cost of providing a VR service or administering the VR program (section 111(a)(1) of the Rehabilitation Act and 34 CFR 361.3). While IDB is authorized to use VR funds to assist licensed blind vendors with the start-up costs of a small business enterprise, the payment of initial operating expenses may not exceed a period of six months (section 103(b)(1) of the Rehabilitation Act and 34 CFR 361.49(a)(5)(iii)). In this case, the vending facilities at issue were not newly-established operations. Therefore, IDB was not authorized to use Title I funds to pay on-going operating expenses, including rent, for vending operations administered under the Randolph-Sheppard program.

After reviewing all of the relevant information regarding IDB's use of Title I VR funds to pay rental fees for space utilized by Randolph-Sheppard vending operations, we have determined that these expenditures are unauthorized under Title I of the Rehabilitation Act. The rent fees do not constitute an administrative cost for the VR program, as defined at 34 CFR 361.5(b)(2). Furthermore, the rent fees do not constitute an allowable VR service, as described in section 103 of the Rehabilitation Act or 34 CFR 361.48 and 361.49, to either an eligible individual or group of individuals because the rent fees were not for initial operating expenses of these vending facilities. Furthermore, the cost principles governing State agencies prohibit Federal funds from being used for expenditures that are prohibited by State law or regulations (OMB Circular A-87, Attachment A, paragraph C (2 CFR Part 225, Appendix A, paragraph C)). Under Iowa Code 216D.3, these operations are to be conducted by blind vendors without the payment of rent. For all of these reasons, IDB has failed to comply with Federal requirements set forth at sections 111(a)(1) and 103(b) of the Rehabilitation Act, 34 CFR 361.3 and 361.49 of its implementing regulations, and the cost principles set forth in OMB Circular A-87 (2 CFR Part 225).

**Corrective Action 2:** IDB must:

- 2.1 cease using Title I funds to finance the on-going rent for space utilized by the Randolph-Sheppard vending operations;
- 2.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will no longer use Title I VR funds to pay these rent fees. IDB must assure that it will use Title I funds for authorized activities, namely for:
  - a) the provision of VR services consistent with section 103 of the Rehabilitation Act and 34 CFR 361.48 and 361.49 of the VR regulations, and
  - b) administrative costs as required by section 111(a)(1) of the Rehabilitation Act and 34 CFR 361.3;
- 2.3 submit detailed data regarding the amount of VR program funds expended on rent for these vending operations from FY 2005 through FY 2009.

RSA reserves the right to pursue enforcement action as it deems appropriate, including the recovery of Title I VR funds expended on rent for these vending operations, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of EDGAR.

**Agency Response:** IDB will discontinue using Title I funds as described above. IDB further understands and hereby provides the assurances referenced above. For the year ending September 30, 2005, IDB charged \$31,986 to Title I; for 2006, \$39,919; for 2007, \$46,372; for 2008, \$0; and for 2009, \$0. IDB proposes to resolve this issue in a manner similar to the above proposal for corrective action # 1 above.

**RSA Response:** RSA appreciates IDB's detailed response to this finding and its cooperation in completing all of the corrective actions.

**Technical Assistance:** RSA Fiscal Unit staff will contact the agency to discuss the process for adjusting the Federal Financial Reports.

## CHAPTER 6: INDEPENDENT LIVING PROGRAM

### IL Program Administration and Service Delivery

The following table provides data on IVRS's IL program performance in key areas from FY 2006 through FY 2007.

**Table 6.1**  
**Iowa IL Program Highlights for FY 2006 through FY 2007**

<b>Program Highlights</b>	<b>2006</b>	<b>2007</b>
Title VII, chapter 1, part B funds	301,477	301,477
Total resources (including part B funds)	963,405	540,625
Total served	975	377
Total consumer service records closed	47	219
Cases closed, completed all goals	32	157
Total goals set	446	606
Total goals met	196	262
Total individuals accessing previously unavailable transportation, health care, and assistive technology	465	229
Total FTEs	4.00	3.00
Total FTEs with disabilities	2.00	2.00

IVRS maintains a State Independent Living Service (SILS) program and administers Part B contracts with CILs and the SILC. Part B contracts are administered to 7 CILs and range from \$6,518 to \$9,777 and are awarded through an RFP process. IVRS also conducts onsite reviews of CILs on an average of twice a year.

In FY 2007, IVRS first required contracts for the receipt of Part B dollars. The increased demands of the contracts and related reporting requirements led to confusion among the CILs. IVRS responded to this confusion by providing technical assistance on OMB Circular and EDGAR rules.

The SILS program provides the four core services predominately in areas not served by CILs. SILS staff collaborate with CILs where possible, including referrals to service areas where SILS lack experience, resources or coverage. In FY 2008, the SILS served 306 consumers, 68 of whom met all of their IL goals.

IDB IL served 34 consumers, ten of whom met all of their IL goals. All consumers were between the ages of 25 and 59 and had multiple disabilities. Sixty-five percent of these consumers were female. IL skills training and mobility training were the most commonly provided service.

## Personnel

IVRS's SIL program includes one full-time counselor, one .5 FTE resource manager and one .5 FTE secretary. The SILC includes one full-time executive director and one .5 FTE clerical support position.

## Data Management

The SILC reviews Part I and II of the RSA-704 annual reporting forms on an annual basis. IVRS reviews outcomes dictated by the specific contracts and provides technical assistance if the goals are not being met. IVRS also uses end of the year numbers to inform discussions on future contracts.

## Fiscal Management

IVRS' administration of the SILC is limited to programmatic aspects while IDB provides fiscal oversight for the Part B funds. The SILC provides a written request for the draw-down of federal funds to meet immediate expenses. IDB then provides the SILC with a check for these funds. The SILC documents upcoming expenses to request the draw-down of funds, as well as provides a copy of the SILC checking account register to support how the previously received funds have been expended. IVRS assists with decisions as to whether expenses are programmatically allowable.

The IVRS SILS program had a FY 2008 budget of \$304,500, drawn from state (\$55,000) and federal (Part B \$114,500, Social Security Reimbursement (SSR) \$135,000) sources.

The SILC received 501(c)3 status in the fall of 2005, when it hired its first executive director. The SILC maintains an annual budget of \$147,833, comprised entirely of federal funding (Part B- \$77,833, Innovation and Expansion - \$50,000, SSR - \$20,000).

In FY 2008, IDB's IL program was funded at \$81,246, comprised of \$59,242 from Part B and \$22,004 from the state general fund.

## Quality Assurance

IVRS conducts reviews of Part B recipients every six months, and more often if issues are identified. The SILC reviews Part I and II of the RSA- 704 reporting form and community input related to SPIL goals.

As noted earlier, IVRS has only recently begun administering the state IL program through RFPs and contracts. Quality assurance efforts should increase as these new structures are fully implemented and utilized.

## Planning

Planning for the previous SPIL included a three day retreat involving representatives of the SILC, DSU and CILs as well as four community hearings. The SILC director then formulated the first version of the SPIL which was subsequently review by partners and community members.

### **IL Program Technical Assistance Provided to IVRS and the SILC During the Review Process**

RSA provided IL program technical assistance to IVRS and the SILC during the review process regarding:

- strategies for further development of the RFP process and subsequent contracting activities;
- strategies for clarifying and streamlining the IVRS IL policy manual; and
- roles and responsibilities of SILC members.

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

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

- the RFP process has added an important level of accountability;
- although initially difficult for IVRS and the CILs to implement, this new process has become smoother over time;
- SILC performance and cohesiveness has improved dramatically since becoming incorporated and hiring an executive director; and
- The partners have developed improved working relationships.

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

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

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

#### **1. SILC Administrative Arrangement**

**Observation:** Management of the SILC occurs through a partnership between IVRS and IDB. IVRS handles programmatic aspects while IDB acts as the fiscal agent.

- There is no documented process that specifically defines responsibilities of each party in this administrative structure.
- This lack of clarity is particularly problematic in issues that cross both fiscal and programmatic areas.
- The SILC, IVRS and IDB are concerned that this lack of role clarity could result in problems, particularly as SILC activities, state funding and required monitoring activities increase.

**Recommendation 1:** RSA recommends that IVRS, IDB and the Iowa SILC collaboratively identify and document a structure for administering the SILC that clearly identifies the responsibilities of each party.

**Agency Response:** IVRS agrees. Toward that end, IVRS is meeting this fall to begin a dialog to identify roles and responsibilities of all parties and then document the responsibilities for each party.

**Technical Assistance:** IVRS does not request technical assistance.

## 2. Identification of Services to be Provided by State Independent Living Service (SILS)

**Observation:** The IVRS SIL program does not identify the specific IL services an IL consumer could expect to receive from the SILS program.

- The IVRS SILS program has not clearly defined which IL services will and will not be available from SILS staff. As a result, consumers are requesting services SILS staff feels unprepared to provide and staff are unclear on how to address requests.

**Recommendation 2:** RSA recommends that IVRS identify and advertise services best provided by IVRS.

**Agency Response:** IVRS agrees. IVRS will investigate options to advertise services provided through SILS.

**Technical Assistance:** IVRS does not request technical assistance.

## 3. SILC contract and contract goals

**Observation:** The SILC contract with IVRS inappropriately identifies goals from the SPIL as required contract outcomes.

- These outcomes reflect statewide activities of which the SILC plays an important but smaller role.
- Both the Iowa SILC and IVRS believe contract outcomes that specifically relate to SILC duties and activities would allow for better management and program performance improvement.

**Recommendation 3:** RSA recommends that IVRS develop a SILC contract that identifies outcomes that relate to allowable duties and related activities of the SILC.

**Agency Response:** IVRS agrees. DSUs and SILC both agree that SILC needs a separate work plan with their own goals and objectives separate from the IL network work plan indicated in the SPIL. We plan to accomplish this for the next SPIL period.

**Technical Assistance:** IVRS does not request technical assistance.

#### 4. IVRS use of CIL provided IL services

**Observation:** The highly rural nature of Iowa creates vendor capacity issues for IVRS. Many CIL services, both IL and VR, could be utilized by VR counselors to support current VR efforts. Current accreditation requirements are restricting CILs from pursuing the capacity to provide vendor services to IVRS.

- IVRS may be able to expand its vendor capacity through increased use of CILs IL services.
- IVRS maintains accreditation requirements for the provision of IL services by community vendors that do not vary from service to service or relate to complexity of tasks performed.
- CILs in Iowa report that expensive and onerous accreditation requirements are restricting them from providing IL or VR services to VR program participants.

**Recommendation 4:** RSA recommends that IVRS work with CILs to identify accreditation requirements that allow for quality control by IVRS while not unduly restricting the potential provision of services.

**Agency Response:** IVRS agrees to investigate this recommendation.

**Technical Assistance:** IVRS does not request technical assistance.

#### 5. Quality Assurance

**Observation:** Part B management of CIL contracts does not include methods to assure common definitions are being used by grantees or that similar data elements are reported in similar manner.

- The use of contracts to manage Part B funds has been in existence for two years.
- This use of contracts is the first time CILs or SILC were expected to identify and report on concrete outcomes in order to receive Part B funds.
- There is no training or evaluation method to assure that CILs are reporting similarly for identical items, such as services or goals.

**Recommendation 5:** RSA recommends that IVRS, IDB and the SILC and CILs enter into a collaborative process to assure common definitions and usage of items reported in Part B contracts.

**Agency Response:** IVRS agrees. IVRS has launched an extensive review of contracting procedures. This item will be addressed more fully as the final recommendations are processed.

**Technical Assistance:** IVRS does not request technical assistance.

## CHAPTER 7: INDEPENDENT LIVING FOR OLDER INDIVIDUALS WHO ARE BLIND PROGRAM

The following table provides data on the performance of the IDB OIB program in key areas for FY 2006 and FY 2007.

**Table 7.1**  
**Iowa OIB Program Highlights for FY 2006 through FY 2007**

Program Highlights	2006	2007
Title VII, chapter 2 expenditures	370,127	373,657
Total expenditures (including chapter 2)	442,435	476,200
Total served older individuals who are blind	917	951
Total FTEs	6.13	6.10
Total FTEs with disabilities	1.13	1.13

### OIB Program Administration and Service Delivery

IL/OIB services are provided exclusively by IDB staff. Staff provide instruction in non-visual adaptive techniques, coordination of community services and in-service training (training of community service providers) and occasionally assist with the procurement of assistive technology. Additional specialized services are available for persons who are deaf-blind.

In FY 2008, IDB's OIB program served 813 individuals, 78 percent of which were female. Five percent reported the degree of visual impairment as totally blind, with macular generation being the largest cause for visual impairment (70 percent). Sixty-two percent of these consumers lived alone, while 77 percent lived in a private residence.

### Personnel

In FY 2008, IDB's IL program was staffed with .62 FTEs, including .09 FTE management and .52 FTE other staff. The OIB program was staffed with 3.49 FTEs, including .52 FTE administrative and 2.97 FTE teachers.

### Data Management

An IDB representative is active on the SILC and participates in the ongoing evaluation of RSA-704, 7-OIB related data. IL and OIB management review case files and address issues with staff.

### Fiscal Management

The Iowa OIB program was funded at \$460,106, comprised of \$ 238,435 from Title VII-Chapter 2 and \$131,671 from the state general fund.

Fiscal management activities are performed through identical processes as those for the VR program and are covered in Chapter 5 of this report.

## **Quality Assurance**

IDB management periodically review OIB case files and identify potential short and long term issues. Short term issues are remediated through direct actions with staff. Supervisors track trends related to the identified issues and may institute training to remediate identified issues.

## **Planning**

In addition to quality assurance methods described above, IDB conducts planning primarily through two methods. First, significant input for the IL/OIB process occurs through feedback from consumers, IDB's commissioners and satisfaction surveys. IDB also maintains a consistent presence on the SILC, allowing IDB to integrate its concerns and issues into the larger IL community and to learn from what others are doing. Other aspects of planning are integrated into overall agency functions and are covered in Chapter 4 of this report.

## **OIB Program Technical Assistance Provided to IDB During the Review Process**

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

- issues with quality of OIB referral data;
- strategic methods to increase referrals; and
- potential methods for collaborating with CILs.

## **Observations of IDB and Its Stakeholders about the Performance of the OIB Program**

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

- OIB and IL training received is high quality;
- gains in independence could not have been made without services; and
- services provided are very focused on consumer needs and desires.

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

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

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

assistance that RSA would provide to IDB to successfully implement the recommendation.

## 1. Collaboration with IVRS

**Observation:** Collaboration with IVRS does not appear to be occurring when necessary or appropriate.

- In FY 2008 all 34 IL consumers had multiple disabilities, indicating there are likely issues other than vision
- In FY 2009 only 4 of 813 OIB consumers were referred from VR
- Discussions with IL and OIB indicated a need to work collaboratively with IVRS.

**Recommendation 1:** RSA recommends that IDB IL and OIB programs work with IVRS to develop a referral agreement or protocol.

**Agency Response:** IDB acknowledges this recommendation.

**Technical Assistance:** IDB does not request technical assistance.

## 2. Referral Data

**Observation:** Discussions with staff and review of available OIB data indicate that referral data is inaccurate.

- IDB IL and OIB services are centrally located. The lack of community presence increases difficulties in assuring good marketing and a flow of consumers to the centrally located services.
- To be successful with this strategy IDB must know what referral sources are working or not working and target outreach efforts accordingly.
- Seventy-six percent of FY 2008 OIB referral sources are from the categories of friend, self or other. This is 30 percent higher than peer groups.
- Through discussions with staff, RSA observed that errors in the identification and reporting of referral sources may have occurred for the following reasons:
  - it is unclear how library referrals should be coded; and
  - when asking a consumer for referral information, staff may be accepting “self” “friends” or “family” without following up for more specifics.

**Recommendation 2:** RSA recommends that IDB review practices around referral data and remediate changes identified through this review.

**Agency Response:** IDB acknowledges this recommendation.

**Technical Assistance:** IDB does not request technical assistance.

## APPENDIX A: SOURCES OF DATA

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### VR and SE Program Highlights

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

- Percent average hourly earnings for competitive employment outcomes to state average hourly earnings – Average hourly earnings for competitive employment outcomes (above) divided by the Average state hourly earnings (above) multiplied by 100
- Average hours worked per week for competitive employment outcomes - Average hours worked in a week at closure (record position 167-168) for individuals where weekly earnings at closure (record position 163-166) > 0 and where the type of closure (record position 198) = 3 and competitive employment (record position 162) = 1
- Percent of transition age served to total served – Total number of individuals whose age at application 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 application is 14-24 and whose type of closure (record position 198) = 3 divided by the number of individuals whose age at application 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
- Standard 1 – To achieve successful performance on Evaluation Standard 1 the DSU must meet or exceed the performance levels established for four of the six performance indicators in the evaluation standard, including meeting or exceeding the performance levels for two of the three primary indicators (Performance Indicators 1.3, 1.4, and 1.5).
- Standard 2 – To achieve successful performance on Evaluation Standard 2, the DSU must meet or exceed the performance level established for Performance Indicator 2.1 (.80) or if a DSU's performance does not meet or exceed the performance level required for Performance Indicator 2.1, or if fewer than 100 individuals from a minority population have exited the VR program during the reporting period, the DSU must describe the policies it has adopted or will adopt and the steps it has taken or will take to ensure that individuals with disabilities from minority backgrounds have equal access to VR services.

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

- Title VII, Chapter 1, Part B Funds – Subpart I, Administrative Data, Section A, Item 1(A)
- Total Resources (including Part B funds) – Subpart I, Administrative Data, Section A, Item 4
- Total Served - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section A(3)

- Total Consumer Service Records Closed - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section B(6)
- Cases Closed - Completed All Goals - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section B(4)
- Total Goals Set - Subpart III, Section B, Item 1, sum of (A) + (B) + (C) + (D) + (E) + (F) + (G) + (H) + (I) + (J) + (K) + (L)
- Total Goals Met - Subpart III, Section B, Item 1, sum of (A) + (B) + (C) + (D) + (E) + (F) + (G) + (H) + (I) + (J) + (K) + (L)
- Total individuals accessing previously unavailable transportation, health care, and assistive technology - Subpart III, Section B, Item 2, sum of (A) + (B) + (C)
- Total FTEs - Subpart I, Section F, sum of Item 2 for the column
- Total FTEs with Disabilities - Subpart I, Section F, sum of Item 2 for the column

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

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

## **APPENDIX B: IVRS'S ORDER OF SELECTION**

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The timeline for IVRS' order of selection:

- May 10, 2002, all individuals determined eligible were placed on the waiting list;
- November 15, 2002, a limited number of individuals assigned to category 2 were moved to active status;
- February 12, 2003, all category 2 individuals are moved to active status and a limited number of individuals assigned to category 4 are moved off the waiting list;
- February 24, 2006, all categories are closed and all new eligible individuals are placed on the waiting list;
- July 1, 2006, category 2 is reopened and all individuals assigned to this priority category are moved directly from eligibility into active status;
- August 1, 2006, a limited number of individuals in category 4 are moved off the waiting list on a monthly basis;
- November 14, 2007, all category 4 individuals are moved to active status and a limited number of individuals in category 6 are moved from the waiting list to active status on a monthly basis;
- January 9, 2008, all individuals assigned to categories 4 and 6 are moved to active status on a monthly basis; and
- May 22, 2009, all individuals assigned to categories 4 and 6 are moved to active status every Friday afternoon.

## APPENDIX C: PROGRAM PERFORMANCE MEASURES FOR IVRS

In addition to the standards and indicators that RSA uses to assess state agency performance, there are a series of program performance measures that RSA uses to report to Congress on the performance of the national program. While the standards and indicators track how well the agency is doing, the program performance measures show how the agency is performing as part of the national program.

IVRS meets or exceeds the following standards for which we can report at the state agency level:

### Measure 1 - Percentage of State Voc Rehab Agencies that assist Individuals Receiving Services to Achieve Employment for FY 2002 through 2007

IVRS - GPRA Measure 1	2002	2003	2004	2005	2006	2007
Employment Outcomes	2,661	2,086	2,113	2,121	2,126	2,130
Individuals Served	4,732	4,608	3,506	3,649	3,471	3,617
Percent with Employment Outcomes after Services	56.23%	45.27%	60.27%	58.13%	61.25%	58.89%

Standard for Agencies - General and Combined: 55.8%

### Measure 2 - Percentage of State Voc Rehab Agencies assisting Individuals with Employment Outcomes to Achieve Competitive Employment for FY 2002 through FY 2007

IVRS - GPRA Measure 2	2002	2003	2004	2005	2006	2007
Employed Competitively	2,496	1,968	2,029	2,079	2,086	2,104
Employment Outcomes	2,661	2,086	2,113	2,121	2,126	2,130
Percent of all Employment Outcomes that were Competitively Employed	93.80%	94.34%	96.02%	98.02%	98.12%	98.78%

Standard for Agencies - General and Combined: 85%

### Measure 3 - Percentage of State Voc Rehab Agencies for Individuals Achieving Competitive Employment who have Significant Disabilities for FY 2002 through FY 2007

IVRS - GPRA Measure 3	2002	2003	2004	2005	2006	2007
Significantly Disability and Employed Competitively	2,102	1,682	1,789	1,888	1,954	1,966
Employed Competitively	2,496	1,968	2,029	2,079	2,086	2,104
Percent of Individuals with Competitive Employment who had a Significant Disability	84.21%	85.47%	88.17%	90.81%	93.67%	93.44%

Standard for Agencies - General and Combined: 80%

**Measure 5 - Cost Per Participant for FY 2002 through FY 2007**

<b>IVRS - GPRA Measure 5</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Individuals Implementing Plan, On Hand Oct 1	9,891	9,670	8,163	8,728	8,292	7,546
Individuals Implementing Plan, Beginning This FY	5,067	3,229	4,311	3,384	2,929	3,887
FY Allocation	\$22,901,685	\$23,168,320	\$21,702,431	\$23,332,421	\$23,868,336	\$25,580,503
Cost Per Participant	\$1,531.07	\$1,796.13	\$1,739.81	\$1,926.39	\$2,127.11	\$2,237.43

Standard for Agencies - General and Combined: between \$1200 and \$3300

**Measure 6 - Cost Per Employment Outcome for FY 2002 through FY 2007**

<b>IVRS - GPRA Measure 6</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
FY Allocation	\$22,901,685	\$23,168,320	\$21,702,431	\$23,332,421	\$23,868,336	\$25,580,503
Employment Outcomes	2,661	2,086	2,113	2,121	2,126	2,130
Cost Per Employment Outcome (allocation/Empl Out)	\$8,606.42	\$11,106.58	\$10,270.91	\$11,000.67	\$11,226.87	\$12,009.63

Standard for Agencies - General and Combined: between \$6000 and \$16500

**Measure 7 - Consumer Expenditure Rate for FY 2002 through FY 2007**

<b>IVRS - GPRA Measure 7</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Assessment, Counseling, Guidance and Placement (I-2A1a)	\$0	\$0	\$0	\$0	\$0	\$0
Employed Elsewhere - Assessment, Counseling, Guidance and Placement (I-2A2a)	\$12,835,536	\$12,121,994	\$13,377,603	\$13,822,459	\$14,005,771	\$14,001,747
Total Expenditures (I-4)	\$34,480,764	\$28,804,990	\$33,989,486	\$35,162,446	\$31,736,647	\$28,258,646
Total Section 110 Funds Expended on Services (Amount) (II-14)	\$15,824,173	\$10,940,548	\$14,694,152	\$13,670,984	\$11,588,762	\$8,400,360
Expenditures from Title VI B Funds (IV-1)	\$288,694	\$282,824	\$278,713	\$287,464	\$244,677	\$259,607
Expenditures from Other Rehabilitation Funds (IV-2)	\$285,314	\$1,103,689	\$721,564	\$1,383,789	\$113,050	\$1,378,971
Consumer Expenditure Rate (II-14 + I-2A1a + I-2A2a) / (I-4 - (IV-1 + IV-2))	0.85	0.84	0.85	0.82	0.82	0.84

Standard for Agencies - General and Combined: 83%

## **APPENDIX D: PROGRAM PERFORMANCE MEASURES FOR IDB**

In addition to the standards and indicators that RSA uses to assess state agency performance, there are a series of program performance measures that RSA uses to report to Congress on the performance of the national program. While the standards and indicators track how well the agency is doing, the program performance measures show how the agency is performing as part of the national program.

IDB met three of the following six standards for which we can report data at the state agency level:

### **Measure 1 - Percentage of State Voc Rehab Agencies that assist Individuals Receiving Services to Achieve Employment for FY 2002 through FY 2007**

<b>IDB - GPRA Measure 1</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Employment Outcomes	140	136	137	128	129	124
Individuals Served	178	155	163	159	158	151
Percent with Employment Outcomes after Services	78.65%	87.74%	84.05%	80.50%	81.65%	82.12%

Standard for Blind Agencies - 68.9%

### **Measure 2 - Percentage of State Voc Rehab Agencies assisting Individuals with Employment Outcomes to Achieve Competitive Employment for FY 2002 through FY 2007**

<b>IDB - GPRA Measure 2</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Employed Competitively	92	115	114	115	115	109
Employment Outcomes	140	136	137	128	129	124
Percent of all Employment Outcomes that were Competitively Employed	65.71%	84.56%	83.21%	89.84%	89.15%	87.90%

Standard for Blind Agencies – 65%

### **Measure 3 - Percentage of State Voc Rehab Agencies for Individuals Achieving Competitive Employment who have Significant Disabilities for FY 2002 through FY 2007**

<b>IDB - GPRA Measure 3</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Significantly Disability and Employed Competitively	92	114	104	115	115	109
Employed Competitively	92	115	114	115	115	109
Percent of Individuals with Competitive Employment who had a Significant Disability	100.00%	99.13%	91.23%	100.00%	100.00%	100.00%

Standard for Blind Agencies: 90%

**Measure 5 - Cost Per Participant for FY 2002 through FY 2007**

<b>IDB - GPRA Measure 5</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Individuals Implementing Plan, On Hand Oct 1	455	471	449	435	403	403
Individuals Implementing Plan, Beginning This FY	195	171	159	148	147	142
FY Allocation	\$5,372,000	\$5,434,544	\$5,569,334	\$6,287,764	\$6,560,058	\$6,806,302
Cost Per Participant	\$8,264.62	\$8,465.02	\$9,160.09	\$10,785.19	\$11,927.38	\$12,488.63

Standard for Blind Agencies: no more than \$8,000.

**Measure 6 - Cost Per Employment Outcome for FY 2002 through FY 2007**

<b>IDB - GPRA Measure 6</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
FY Allocation	\$5,372,000	\$5,434,544	\$5,569,334	\$6,287,764	\$6,560,058	\$6,806,302
Employment Outcomes	140	136	137	128	129	124
Cost Per Employment Outcome (allocation/Empl Out)	\$38,371.43	\$39,959.88	\$40,652.07	\$49,123.16	\$50,853.16	\$54,889.53

Standard for Blind Agencies – no more than \$38,000.

**Measure 7 - Consumer Expenditure Rate for FY 2002 through FY 2007**

<b>IDB - GPRA Measure 7</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Assessment, Counseling, Guidance and Placement (I-2A1a)	\$1,234,210	\$1,341,472	\$1,299,205	\$902,938	\$1,309,512	\$1,085,715
Employed Elsewhere - Assessment, Counseling, Guidance and Placement (I-2A2a)	\$0	\$0	\$0	\$411,555	\$145,176	\$419,995
Total Expenditures (I-4)	\$7,279,430	\$7,739,451	\$7,709,348	\$9,027,174	\$8,774,895	\$9,878,184
Total Section 110 Funds Expended on Services (Amount) (II-14)	\$2,912,722	\$2,987,482	\$3,145,600	\$3,992,045	\$3,102,440	\$3,891,696
Expenditures from Title VI B Funds (IV-1)	\$93,380	\$66,341	\$65,377	\$49,776	\$55,994	\$54,131
Expenditures from Other Rehabilitation Funds (IV-2)	\$1,354,683	\$0	\$0	\$43,703	\$599,424	\$552,706
Consumer Expenditure Rate (II-14 + I-2A1a + I-2A2a) / (I-4 - (IV-1 + IV-2))	0.71	0.56	0.58	0.59	0.56	0.58

Standard for Blind Agencies: 70%

**APPENDIX E: EIGHT-YEAR SUMMARY OF RESULTS OF STANDARDS 1 AND 2 FOR IVRS**

**IOWA-G**

**Computational Data & Results**

	FY 2000	FY 2001	FY 2002	Pass (P)	Fail (F)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
<b>Indicator 1.1</b> Difference in the number of individuals with employment outcomes from prior year for general and combined agencies or prior two years for blind agencies										
Current year employment outcomes	2,562	2,759	2,661			2,086	2,113	2,121	2,126	2,130
Prior year employment outcomes	2,325	2,562	2,759			2,661	2,086	2,113	2,121	2,126
<b>RSA Minimum Performance Level: Equal or exceed</b>	237	P 197	P -98	F	F	-575	27	8	5	4
										P
<b>Indicator 1.2</b> Percent with employment outcomes after services										
Employment outcomes	2,562	2,759	2,661			2,086	2,113	2,121	2,126	2,130
Individuals served	4,670	4,741	4,732			4,608	3,506	3,649	3,471	3,617
<b>RSA Minimum Performance Level: 55.80%</b>	54.86%	F 58.19%	P 56.23%	P	F	45.27%	60.27%	P 58.13%	P 61.25%	P 58.89%
<b>Primary Indicators (1.3, 1.4, &amp; 1.5)</b>										
<b>Indicator 1.3</b> Percent of all employment outcomes that were competitively employed										
Employed competitively	2,118	2,184	2,496			1,968	2,029	2,079	2,086	2,104
Employment outcomes	2,562	2,759	2,661			2,086	2,113	2,121	2,126	2,130
<b>RSA Minimum Performance Level: 72.6%</b>	82.67%	P 79.16%	P 93.80%	P	P	94.34%	96.02%	P 98.02%	P 98.12%	P 98.78%
<b>Indicator 1.4</b> Percent of individuals with competitive employment outcomes who had a significant disability										
Significantly disabled employed competitively	1,827	1,913	2,102			1,682	1,789	1,888	1,954	1,966

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Employed competitively	2,118		2,184		2,496		1,968		2,029		2,079		2,086		2,104
<b>RSA Minimum Performance Level: 62.4%</b>	86.26%	P	87.59%	P	84.21%	P	85.47%	P	88.17%	P	90.81%	P	93.67%	P	93.44%
															P

**EIGHT-YEAR SUMMARY OF RESULTS OF STANDARDS 1 AND 2 FOR IVRS**

**IOWA-G**

**Computational Data & Results**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
			Pass (P)	Fail (F)				
<b>Indicator 1.5</b>								
Ratio of average hourly VR wage to average state hourly wage	\$8.86	\$9.21	\$9.54	\$9.67	\$9.79	\$9.60	\$9.91	\$10.73
Average hourly wage of competitively employed State average hourly wage	\$13.43	\$13.87	\$14.26	\$14.76	\$15.17	\$15.86	\$16.33	\$16.97
<b>RSA Minimum Performance Level: .52</b>	0.660	0.664	P	0.655	P	0.605	P	0.632
								P
<b>Indicator 1.6</b>								
Difference Between Percent Self-Supporting at Closure and Application	2,118	2,184	2,496	1,968	2,029	2,079	2,086	2,104
Competitive Employment Outcomes								
Primary Support is Own Income at Application	379	431	595	381	383	364	342	366
% self-support at application	17.90%	19.73%	23.84%	19.36%	18.88%	17.51%	16.40%	17.40%
Primary Support is Own Income at Closure	1579	1621	1932	1498	1581	1534	1532	1659
% self-support at closure	74.60%	74.22%	77.40%	76.12%	77.92%	73.79%	73.44%	78.85%
<b>RSA Minimum Performance Level: .53</b>	56.66	54.49	P	56.76	P	56.28	P	61.45
								P
<b>Indicator 2.1</b>								
Ratio of minority to non-minority service rate								
Non-Minorities Exiting VR	6,639	6,918	7,440	7,647	6,812	6,966	6,332	7,249
Non-Minorities Who Received Services	4,407	4,451	4,374	4,177	3,212	3,349	3,175	3,288
Non-Minority service rate	66.4%	64.3%	58.8%	54.6%	47.2%	48.1%	50.1%	45.4%
Minorities Exiting VR	478	597	818	965	851	834	797	975
Minorities Who Received Services	263	290	358	431	294	300	296	329

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Minority service rate	55.0%		48.6%		43.8%		44.7%		34.5%		36.0%		37.1%		33.7%
<b>RSA Minimum</b>	0.829	P	0.755	P*	0.744	P*	0.818	P	0.733	P*	0.748	P*	0.741	P*	0.744
<b>Performance Level: .80</b>															

\* Iowa-G met Indicator 2.1 because the agency adopted policies and took steps to ensure that individuals with disabilities from minority backgrounds have equal access to VR services as required by 34 CFR 361.86(b)(iii).

**APPENDIX F: EIGHT-YEAR SUMMARY OF RESULTS OF STANDARDS 1 AND 2 FOR IDB**

**IOWA-B**

**Computational Data & Results**

Pass (P) Fail (F)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
<b>Indicator 1.1</b> Difference in the number of individuals with employment outcomes from prior year for general and combined agencies or prior two years for blind agencies	317	346	315	276	273	265	257	253
Current year employment outcomes			315	276	273	265	257	253
Prior year employment outcomes	260	317	346	315	276	273	265	257
<b>RSA Minimum Performance Level: Equal or exceed</b>	57 P	29 P	-31 F	-39 F	-3 F	-8 F	-8 F	-4 F
<b>Indicator 1.2</b> Percent with employment outcomes after services								
Employment outcomes	317	346	315	276	273	265	257	253
Individuals served	369	408	391	355	318	322	317	309
<b>RSA Minimum Performance Level: 68.9%</b>	85.91% P	84.80% P	80.56% P	82.39% P	85.85% P	82.30% P	81.07% P	81.88% P
<b>Primary Indicators (1.3, 1.4, &amp; 1.5)</b>								
<b>Indicator 1.3</b> Percent of all employment outcomes that were competitively employed								
Employed competitively	223	231	203	207	229	229	230	224
Employment outcomes	317	346	315	276	273	265	257	253
<b>RSA Minimum Performance Level: 35.4%</b>	70.35% P	66.76% P	64.44% P	75.00% P	83.88% P	86.42% P	89.49% P	88.54% P
<b>Indicator 1.4</b> Percent of individuals with competitive employment outcomes who had a								



**EIGHT-YEAR SUMMARY OF RESULTS OF STANDARDS 1 AND 2**

**IOWA-B**

**Computational Data & Results**

	FY 2000		FY 2001		FY 2002		FY 2003		FY 2004		FY 2005		FY 2006		FY 2007	
	Pass (P)	Fail (F)														
<b>Indicator 1.5</b>																
Ratio of average hourly VR wage to average state hourly wage	\$11.48		\$11.89		\$12.02		\$12.12		\$13.47		\$14.39		\$13.55		\$13.11	
Average hourly wage of competitively employed State average hourly wage	\$13.22		\$13.65		\$14.05		\$14.54		\$14.87		\$15.52		\$16.10		\$16.64	
<b>RSA Minimum Performance Level: .59</b>	0.868	P	0.871	P	0.856	P	0.834	P	0.906	P	0.927	P	0.842	P	0.788	P
<b>Indicator 1.6</b>																
Difference Between Percent Self-Supporting at Closure and Application	223		231		203		207		229		229		230		224	
Competitive Employment Outcomes	85		97		83		82		102		122		118		102	
Primary Support is Own Income at Application	38.12%		42.00%		40.89%		39.61%		44.54%		53.28%		51.30%		45.54%	
% self-support at application	151		157		134		145		165		173		170		157	
Primary Support is Own Income at Closure	67.71%		68.00%		66.01%		70.05%		72.05%		75.55%		73.91%		70.09%	
<b>RSA Minimum Performance Level: 30.4</b>	29.60	F	25.97	F	25.12	F	30.43	P	27.51	F	22.27	F	22.61	F	24.55	F
<b>Indicator 2.1</b>																
Ratio of minority to non-minority service rate	229		235		194		179		196		187		186		173	
Non-Minorities Exiting VR	190		195		171		148		151		146		145		135	
Non-Minorities Who Received Services	83.0%		83.0%		88.1%		82.7%		77.0%		78.1%		78.0%		78.0%	
Non-Minority service rate	12		22		13		16		18		22		18		24	
Minorities Exiting VR	7		16		9		7		12		13		13		16	
Minorities Who Received Services	58.3%		72.7%		69.2%		43.8%		66.7%		59.1%		72.2%		66.7%	
Minority service rate																

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<b>RSA Minimum Performance Level: .80</b>	0.703	P*	0.876	P*	0.785	P*	0.529	P*	0.865	P*	0.757	P*	0.926	P*	0.854	P*
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\* Iowa-B met Indicator 2.1 because the agency adopted policies and took steps to ensure that individuals with disabilities from minority backgrounds have equal access to VR services as required by 34 CFR 361.86(b)(iii).