

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



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

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EXECUTIVE SUMMARY

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

- 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.

North Dakota Administration of the VR, SE, IL and OIB Programs

In ND, North Dakota Vocational Rehabilitation (NDVR) is a combined agency responsible for administering the VR, SE, IL and OIB programs and is located within the Department of Human Services (DHS).

NDVR's Performance Over the Past Five Years

NDVR's employment rate decreased from 67.46 percent in FY 2003, to 66.79 percent in FY 2007. Despite the slight downward trend, the employment rate is still well above the 55.8% required performance level for Indicator 1.2. The number of new applicants decreased slightly from 2,412 to 2,302 between FY 2003 and FY 2007, while the number of individuals served has decreased slightly from 4,405 to 3,915 over the same period. The average hourly earnings for persons who achieved employment increased \$1.35 from \$9.60 to \$10.51, while the state average wage increased at a faster rate. Consequently, the agency's performance on Indicator 1.5 decreased from .69 to .68 between FY 2003 and FY 2007.

Of those individuals who achieved an employment outcome, the number who achieved a SE outcome increased from 46 in FY 2003, to 58 in FY 2007. During this period, the average hourly earnings for individuals who achieved a SE outcome increased from \$6.24 to \$6.50.

Strengths and Challenges: RSA identified the following programmatic strengths that contributed to NDVR's performance, as well as the challenges NDVR faces in its efforts to improve its performance.

Strengths

- NDVR staff use a team oriented approach that results in improved communication between partner programs.
- The wrap around approach utilized by the Human Service Centers (HSCs) and the combination of formal and informal supports offers potential advantages for VR consumers because of improved coordination with other HSC programs.

- The Rehabilitation Consulting & Services (RCS) initiative is an innovative strategy for changing and improving relationships between NDVR and employers.
- NDVR conducts extensive analysis of data to monitor statewide and regional program performance.

Challenges

- The organizational separation of NDVR central office staff from the field staff and the lack of direct supervision of NDVR Regional Administrators (RA) by NDVR central office staff increase the possibility of inconsistencies in policy implementation, service delivery and quality control.
- NDVR staff and administrators under utilize resources resulting in carry over of a large percentage of VR funds.
- Due to its inclusion in the larger HSC system NDVR is unable to provide a level of staff compensation, consumer services or infrastructure improvements despite the availability of sufficient funds.
- NDVR's case management system is antiquated, cumbersome and in need of replacement. This system is difficult and time consuming for counselors to use and impacts service delivery. It may also contribute to the high counseling staff turnover in NDVR.

INTRODUCTION

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

In order to fulfill its monitoring responsibilities, RSA:

- reviews the state agency's performance in assisting eligible individuals with disabilities to achieve high-quality employment and independent living outcomes;
- 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 DHS, NDVR, the SRC, SILC, and the stakeholders who assisted the RSA monitoring team in the review of NDVR.

CHAPTER 1: RSA'S REVIEW PROCESS

Data Used During the Review

RSA's data collections are finalized and available at different times throughout the year. RSA's review of NDVR 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 source of data about NDVR's performance.

Review Process Activities

During the review process, the RSA NDVR state 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;
- utilized extensive NDVR data to supplement RSA data;
- identified performance areas for improvement and recommended that NDVR undertake specific actions to improve its performance;
- identified compliance findings and required NDVR to take corrective action;
- in collaboration with NDVR determined whether RSA would provide technical assistance to improve its performance or correct compliance findings; and
- identified issues for further review.

RSA NDVR State Team Review Participants

Members of the NDVR review team included representatives from each of the five functional units within the State Monitoring and Program Improvement Division. The RSA review team was made up of the following individuals: Yann-Yann Shieh, State Liaison (Data Unit); Larry Vrooman, David Wachter, and Thomas Macy (Vocational Rehabilitation Unit); Janette Shell (Technical Assistance Unit); Regina Luster (Fiscal Unit); and Thomas Kelley, (Independent Living Unit).

Information Gathering

During FY 2009, RSA began its review of NDVR by analyzing information including, but not limited to, RSA's various data collections, NDVR's VR and IL state plans, and NDVR's SRC's

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

- conducted three teleconferences with VR and IL stakeholders beginning in October, 2008;
- conducted ten teleconferences with the NDVR management beginning in October, 2008;
- conducted three teleconferences with NDVR IL program staff, SILC members and administrative staff, and OIB staff; and
- conducted an on-site monitoring visit from November 17 thru 21, 2008 and met with the NDVR/HSC Program Director, Assistant Director/Field Services Director, Program Specialists, Human Service Center Directors, Regional Administrators (RAs), and VR counselors. The RSA team also met with the CAP Director, CIL Directors as well as members of the SILC and SRC.

CHAPTER 2: NDVR VOCATIONAL REHABILITATION AND SUPPORTED EMPLOYMENT PROGRAMS

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

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

North Dakota Dept of Human Services - Division of Vocational Rehabilitation Table 2.1. Program Highlights	2003	2004	2005	2006	2007
Total funds expended on VR and SE	\$10,044,464	\$10,834,344	\$11,842,810	\$8,723,455	\$10,335,958
Individuals whose cases were closed with employment outcomes	860	796	929	864	893
Individuals whose cases were closed without employment outcomes	416	374	425	408	444
Total number of individuals whose cases were closed after receiving services	1,276	1,170	1,354	1,272	1,337
Employment rate	67.40%	68.03%	68.61%	67.92%	66.79%
Individuals whose cases were closed with supported employment outcomes	46	36	41	31	58
New applicants per million state population	3,828.57	3,906.35	3,893.75	3,720.31	3,596.88
Average cost per employment outcome	\$3,507.36	\$3,685.10	\$3,942.03	\$4,316.72	\$4,578.12
Average cost per unsuccessful employment outcome	\$2,052.58	\$2,230.82	\$2,207.56	\$3,640.37	\$3,424.86
Average hourly earnings for competitive employment outcomes	\$9.22	\$9.38	\$9.76	\$10.07	\$10.56
Average state hourly earnings	\$13.28	\$13.70	\$14.31	\$14.88	\$15.60
Percent average hourly earnings for competitive employment outcomes to state average hourly earnings	69.43%	68.47%	68.20%	67.67%	67.69%
Average hours worked per week for competitive employment outcomes	34.57	34.58	34.62	34.35	34.27
Percent of transition age served to total served	38.01%	36.58%	38.33%	37.81%	37.02%
Employment rate for transition population served	65.98%	67.52%	68.02%	66.32%	64.65%
Average time between application and closure (in months) for individuals with competitive employment outcomes	29.8	30.2	29.4	28.5	29.1
Performance on Standard 1	MET	MET	MET	MET	MET
Performance on Standard 2	NOT MET	NOT MET	NOT MET	NOT MET	NOT MET

VR and SE Service Delivery

NDVR operates as part of DHS. DHS has eight regional HSCs and operates two institutions including a mental health facility and a developmental disability facility. HSC based programs include adult services, developmental disability services, child welfare services, children's mental health services, serious mental health care coordination, acute clinical services, substance abuse services, and crisis and emergency response services, in addition to VR services.

NDVR has developed working arrangements with 18 CRPs and monitors their performance through monthly reports submitted for each individual served and through VR counselor comments and observations of CRP performance and training needs.

Native Americans constitute 4.9 percent of the ND population. ND has four American Indian VR Services projects serving Native Americans within the state. Eleven percent of the clients served by NDVR are Native American and NDVR has nearly doubled the number of minority individuals made eligible and receiving services since FY2004.

Personnel

The regional HSC Directors and RAs are responsible for the hiring of regional office VR counselors and support staff. The Field Services Chief consults with the HSC Directors in the hiring process for Regional Administrator positions, and provide input into the performance evaluations of those staff. VR counselors are directly supervised by the RAs who are supervised by a regional HSC Director. The Statewide HSC Director, who is also the VR State Director, retains the final approval for all hiring decisions.

NDVR hires rehabilitation counselors who hold a Master's Degree in rehabilitation counseling or closely related field from a Council on Rehabilitation Education (CORE) accredited program and who hold CRC certification or could obtain such certification within five years of the date of hire. If unable to recruit individuals who meet these qualifications, NDVR hires the most appropriate and qualified applicant with the expectation that the individual hired will participate in educational programs to meet "Qualified Rehabilitation Professional" standards within five years of the date of hire.

NDVR reported that it sustained a 25 percent turnover rate among its VR counselor positions over the last two years. Fifty-nine percent of the current staff meet the Comprehensive System of Personnel Development (CSPD) standards, but NDVR reports 90 percent of the VR counselors hired in the last two years have been hired below the standard.

NDVR also implemented a Success in Leadership program modeled after the Montana Futures program. In the 18 months that the program was in existence prior to the onsite portion of the review, two central office vacancies and one regional administrator vacancy had been filled with program participants.

Data Management

NDVR's Case Management System is known as the Vocational Rehabilitation Information System (VRIS). The VRIS system is to keep track of consumers who have applied for services from the Vocational Rehabilitation Division (VR) of the Department of Human Services. The data kept consists of consumers' demographic data, services provided and payments for those services. It also tracks allocations, obligations, and total payments by regions and by fund code.

The VRIS system is accessible in the eight regional VR offices and the state office. The system consists of an on-line module and a batch module. The on-line module allows data to be entered, changed, inquired on and printed online. The online module consists of an edit check system and interfaces with the Medicaid, Eligibility, and OMB system. The batch module includes various report printing programs. The reports are printed on weekly, monthly, yearly, and on request basis.

The VRIS system was modified in 1989, with a minor update in 2001 to reflect changes in the RSA-911 coding structure. The system is capable of providing a number of monthly reports used by administrators and managers for planning and supervision purposes and additional queries can be done on an as needed basis. Counselors have access to caseload status reports that provide upcoming due dates.

NDVR uses the VRIS for internal control purposes in terms of authorization for services. The system will not allow the same person to both request and pay an authorization.

Quality Assurance

According to NDVR its quality assurance processes include:

- general and targeted case file reviews;
- satisfaction surveys;
- annual staff training needs assessments;
- strategic plan performance measures;
- State Plan goals and strategies;
- analysis of regional and statewide data;
- triennial assessment of rehabilitation needs; and
- fiscal audits.

NDVR also surveys its VR counselors biennially regarding the services provided by CRPs, the improvements needed and the training needs of CRP staff. In addition, the agency conducts regional post-closure follow-up six months after case closure.

NDVR has a highly-developed data collection system that is employed in the quantitative analysis of the agency's performance by counselor, office and region. Individual performance appraisal information, quantitative performance data analysis and qualitative information, such as staff surveys and consumer satisfaction surveys, identify personnel training needs, systemic areas for improvement as well as goals and strategies for strategic planning.

NDVR requires monthly reports from CRPs regarding services provided that are reviewed by VR counselors and support monthly invoices. RAs have regular contact with providers to evaluate services and to resolve outstanding issues while the central office tracks referrals, expenditures and successful and unsuccessful closures by provider.

Planning

NDVR participates in and utilizes multiple strategic plans. The DSA completes an agency-wide DHS Strategic Plan into which NDVR contributes goal statements and action steps under the DHS Trends and Strategic Initiatives section of the plan.

These contributions, when compiled, comprise the DHS Strategic Plan. The activities described under these Trends and Strategic Initiatives include a brief action step, a person responsible, a due date and a brief statement of outcome and documentation.

NDVR also completes a Vocational Rehabilitation Consulting Services Strategic plan. This plan includes VR administration, VR employment programs, business services, IL, OIB and Client Assistance Program (CAP). This planning document incorporates results, demand and output sections that contain measureable performance criteria for the majority of the activities in the plan.

NDVR staff indicated that RAs contribute to the HSC strategic planning process and are involved on the planning teams within the HSC, providing a degree of representation for VR interests in the larger HSC planning environment. HSC directors meet with VR central office staff and Regional Administrators to establish annual goals, and send a liaison to RA meetings.

Finally, NDVR submits the annual State Plan to meet the requirements established by RSA. RSA noted that this plan has little commonality with the other strategic plans. NDVR is in the process of reviewing the strategic plan format to identify ways to show more commonality between the strategic and state plan formats.

Areas of Consistently High or Improved VR and/or SE Performance

1. Rehabilitation Rate

As indicated by Table 2.2 below, NDVR had consistently higher than average performance in the rehabilitation rate from FY2000 thru FY 2007.

Table 2.2
NDVR Rehabilitation Rate from FY 2000 through FY 2007

FY	2000	2001	2002	2003	2004	2005	2006	2007
Rehab Rate	69.18%	65.18%	66.84%	67.40%	68.03%	68.61%	67.92%	66.79%

Note: RSA Minimum Performance Level: 55.80 percent

VR and SE Programs Technical Assistance Provided to NDVR During the Review Process

RSA provided technical assistance to NDVR during the review process regarding:

- improving the MSR;
- developing provider evaluation methods and suggestions for performance based contracting;
- integrating fiscal and program planning;
- developing a QA system for service providers; and
- substance abuse and the right to apply for services or receive services.

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

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

- Being a partner in the statewide HSC system has reduced NDVR's ability to utilize resources that are not available to the staff of the other partner programs;
- individuals with disabilities that could be served through the VR program are not aware that RCS is a VR program and/or have difficulty locating the NDVR office due to co-location and lack of signage at HSC offices;
- NDVR experiences a high rate of staff turnover and newly hired staff often lack the training and experience necessary to perform their jobs; and
- the search for comparable benefits may delay the timely provision of services.

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

Continuing Education Needs of NDVR Staff

RSA solicited input from NDVR to identify the following continuing education needs of its staff:

- CRCC mandated ethics training;
- customer service;
- comprehensive assessment of individuals and integration of assessment into the planning process;
- continuum of services; and
- working with difficult individuals.

RSA solicited input from NDVR's stakeholders, who shared that NDVR staff could benefit from continuing education training regarding workplace relationships.

VR and SE Performance Observations and RSA Recommendations

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

1. Replacing the VRIS

Observation: VRIS poses significant challenges to the efficiency of VRCs and the case service delivery process.

- VRIS has numerous weaknesses that reduce counselor efficiency.
 - There are no automatic log on or e-mail notification functions built into the system to proactively advise VR counselors of upcoming due dates.
 - VRIS makes use of text fields but does not include spell check or other higher level functions.
 - Copy and paste functions within the VRIS are possible, but are limited, and counselors report it is difficult to accomplish.
 - VRIS is capable of generating a written IPE, but most counselors prefer to write a much easier to read and professional looking plan in MS Word.
 - NDVR staff have only limited access to the system when outside the regional offices, resulting in a duplication of effort as paper copies of documents must later be entered into the VRIS.
 - NDVR staff report VRIS is cumbersome to use.
 - The VRIS will not automatically collect or populate data for all case processes. For example, at closure the counselor must manually review the case record and insert the services that supported a successful case closure into the closure page.

- VRIS shortcomings exacerbate staff shortages. NDVR staff members indicate that the system creates an additional barrier to staff retention in the case of younger VR counselors who expect a higher level of computer automation and with counselors who have higher expectations based on experience with much more capable systems.
- NDVR has considered replacing or upgrading the VRIS, but these efforts have been delayed by current efforts by DHS to replace the DHS medical case management system. NDVR administrators also indicate that they need to ensure the two systems are ultimately compatible.

Recommendation 1: RSA recommends that NDVR:

1.1 proceed with plans to upgrade or replace the VRIS as soon as possible to improve case and program management capabilities and the efficiency of staff; and

1.2 dedicate a full time staff person to the IT and data needs of NDVR.

Agency Response: This is indeed an older system which has been identified for potential replacement. This will be discussed in budget planning takes place in the spring of 2010. IT project proposals are reviewed by a committee of state agency heads charged with prioritizing and approving these large projects. NDVR is not able to find any evidence in staff exit information that this contributes to the turnover rate. NDVR does dedicate a 1.0 FTE to the IT and data needs of NDVR. This is a Human Services Program Administrator position committed to VR, only involved in other IT projects if required for interface with VRIS, etc.

Technical Assistance: NDVR would welcome technical assistance regarding the development and effectiveness of other states' VR information systems.

2. Inconsistencies Between Regional Offices

Observation: The direct supervision of RAs and VR counselors by HSC Directors in each region and the lack of involvement in supervision by central offices staff has resulted in inconsistencies in the interpretation of agency policies and the delivery of services among the regional offices. As a result, different offices operate with different level of approval for similar services and have different interpretations of what limits may exist and when an exception may be required. This results in individuals receiving different levels of services in different regions of the state.

- Counselor approval limits for the authorization of expenditures vary by region.
- One RA reviews all authorizations in their region, while others only reviewed those over certain thresholds that varied by region and still others applied tighter limits to new staff as opposed to more experienced staff.
- Implementation of the policy and practices related to drug and alcohol use varies. NDVR does not have a formal policy restricting the participation of individuals who are not maintaining abstinence. However, VR field staff reported that they follow “unwritten policies” requiring three to six months sobriety prior to service delivery. Some counselors reported that the only services that could be provided prior to achievement of the sobriety milestone were substance abuse treatment related services. Other VR counselors referenced memoranda of understanding with other HSC programs that specified what services could be provided and indicated that if a person tested positive, services would be suspended until the person completed treatment.
- While NDVR central office staff monitor procedural issues with the goal of developing best practices if the implementation of a particular policy becomes inconsistent statewide, these efforts to standardize these best practices are undermined by the latitude given to RAs who determine if or when an exception to the policy is required or permitted. This

results, in part, from the lack of a direct line of supervision from the NDVR central office to the field staff and, in part, from the lack of specific exception criteria.

- NDVR procedures include policy exception requests that are submitted to the RAs for consideration. However, NDVR does not track the number of policy exceptions requested, the number granted, nor the policies to which these requests apply. Such tracking would provide NDVR with information to determine which policies may need review and revision in order for the agency to meet VR service needs and would help to improve the consistency in policy interpretation and implementation among regions. NDVR could also use the information provided through this tracking to determine the reasonableness of individual VR policies.

Recommendation 2: RSA recommends that NDVR:

2.1 review policies and best practices to identify and revise areas where wording creates the potential for inconsistent interpretation or application in different regions;

2.2 develop and implement a training plan to improve consistency in policies and best practices that are identified in 2.1;

2.3 develop a method for the tracking of exceptions to policies and best practices and use the information to identify inconsistencies in policy implementation across regions and correct these inconsistencies; and

2.4 establish criteria for exceptions that will be consistently applied across regions.

Agency Response: As previously noted, the organizational structure does not separate central office and field staff. Central office staff work directly with field staff and with the assigned HSC Directors in all areas including policy development and interpretation. Field staff directly contact the state office when policy questions arise. NDVR agrees that additional training will assist in limiting inconsistencies in policy interpretation; we believe this is a quality control issue rather than an organizational structure issue. While consistency is sought, we also believe there needs to be ability to be flexible in meeting individualized client needs. NDVR agrees that policies and best practices will be reviewed in order to provide clarity. NDVR agrees to develop training for regional field staff that will address those policies and best practices noted above. NDVR will conduct targeted case reviews in the identified policy or best practice areas noted above, for ongoing quality review and staff training, and NDVR will continue to require that rationale for any exceptions are clearly documented in the case file and available for the case review process..

Technical Assistance: NDVR has not requested TA in this area.

3. Counselor Turnover

Observation: NDVR data indicates high levels of turnover among VR counselors, primarily due to low compensation relative to rehabilitation counselor and related positions in surrounding state, federal and private rehabilitation agencies.

- NDVR data indicated a 12.5 percent turnover rate among VR counselors in FY 2009, and an increase from 7.8 percent in FY 2008, compared to a turnover rate of 5 percent for the agency overall in FY 2009.
- NDVR exit survey data indicated low compensation was the largest single factor in the loss of counseling staff, with 50 percent of VR counselors identifying compensation as the primary factor in their decision to leave. Other factors included:
 - dissatisfaction among counselors with NDVR's cumbersome and antiquated case management system; and
 - greater flexibility in terms of duties and work schedules available in neighboring state VR agencies, federal and private sector employers.
- Turnover in VR counselor staff is particularly high in the Grand Forks and Fargo regions due to higher costs of living and the proximity to Minnesota, where salaries for counselors in both private and public rehabilitation are substantially higher. NDVR loses counselors to the federal Veterans Administration offices within ND and in bordering states that offer substantially more pay.
- NDVR administrators and VR counselors indicate the pay differential is large enough that it is more cost effective for VR counselors to leave even with pay back requirements for the education benefits received through a CSPD.
- NDVR administrators identified new counselors and young counselors with families as being most likely to leave for higher paying jobs.
- NDVR administrators noted that the current salary structure results in only a small difference in pay for experienced versus inexperienced staff with the result that staff can only obtain a substantial raise by leaving the agency.

Recommendation 3: RSA recommends that NDVR utilize available resources to improve the compensation of qualified counseling staff within NDVR to levels more commensurate with similarly accredited master's degree level professionals in ND and surrounding states.

Agency Response: Staff compensation ranges are determined by overall state merit system policies and legislative allocations; this would be true regardless of whether VR was part of the larger DHS. Ability exists to make salary adjustments to meet market forces where needed. Customer service and infrastructure improvements can be and are made when needed by VR. NDVR has requested that the Designated State Agency (DHS) HR division survey surrounding states and provide feedback as to comparison with NDVR salaries. Where major inequities or staff retention problems exist, request can be made to consider salary adjustments. During this last year, NDVR worked with HR to successfully add a classification level of VR Counselor III, which provides additional ability for a professional career ladder. NDVR will explore compensation comparisons as recommended.

Technical Assistance: NDVR has not requested TA in this area.

4. Quality Assurance

Observation: NDVR has not established a monitoring program and protocol for CRPs as part of its quality assurance system.

- NDVR is in a formative process with regard to program evaluation. The agency is revising its performance measures to align them with the agency's strategic and state plan objectives, as well as reporting requirements. NDVR is currently working with the Region 8 TACE to develop a Provider Profile and Fact Sheet that will provide NDVR with more detailed data regarding services and outcomes by provider. This information will also be used to better direct NDVR's strategic planning efforts.
- NDVR can use the provider profile and fact sheets to;
 - determine the extent to which individual CRPs are assisting the agency to achieve its goals;
 - measure the quality of outcomes achieved;
 - facilitate the exercise of informed choice regarding the selection of service providers; and
 - develop a performance-based contracting model.

Recommendation 4: RSA recommends that NDVR develop and implement a comprehensive quality assurance system to evaluate its service providers including standards for evaluation, measurement of consumer satisfaction, and the quality of employment outcomes.

Agency Response: NDVR has already begun this process and is working with the Region 8 TACE.

Technical Assistance: NDVR will continue to receive technical assistance from Region 8 TACE.

VR and SE Compliance Findings and Corrective Actions

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

1. Failure to Comply with DSU Organizational Structure Requirements -- NDVR

Legal Requirement: 34 CFR 361.13(b)(1)(iii) State agency for administration.

(b) *Designation of State unit.*

- (iii) Has a staff, at least 90 percent of whom are employed full time on the rehabilitation work of the organizational unit;

Preamble to 1997 VR program regulations at 62 Fed. Reg. 6308, 6316 (Feb. 11, 1997):

This provision means that if the organizational unit provides other rehabilitation services, in addition to vocational rehabilitation, the 90 percent staffing requirement applies to all unit staff providing rehabilitation services, not to just the vocational rehabilitation staff. “Other rehabilitation” includes, but is not limited to, other programs that provide medical, psychological, educational, or social services to individuals with disabilities. . . . [T]he Secretary believes that this requirement is consistent with the statutory requirement in section 101(a)(2)(A)(iii) of the Act that “substantially all” of the DSU’s staff shall work on rehabilitation and with RSA’s longstanding interpretation of “substantially all” to mean 90 percent.

Finding: NDVR, the designated State unit (DSU) for the VR program, is housed within DHS, which is the designated State agency (DSA) for the VR program in ND. The DSU is composed of VR staff in the NDVR central office and the eight regional Human Service Centers (HSCs) across the State. The NDVR Director is a member of the DHS cabinet. The VR Regional Administrators (RAs) are supervised by four HSC Directors who have personnel, fiscal, and programmatic responsibility for the HSCs, including the provision of VR services.

The HSCs function as a network of clinics, providing an array of community-based services either directly or through contracts with other service providers. Each serves a multi-county area, providing VR, counseling and mental health services, substance abuse treatment, services for people with disabilities, and other related social services. HSC employees also provide direction and regulatory oversight of some programs provided through county social service offices and other providers.

The following 10 core programs and services are offered at the HSCs, which are within the organizational structure of NDVR:

- aging services;
- developmental disabilities;
- VR;
- child welfare services;
- program supervision – regional reps and child care licensing specialists;
- children’s mental health;
- serious mental illness (extended care coordination);
- acute clinical services;
- substance abuse services; and
- crisis/emergency response services.

RSA visited HSC offices in Bismarck, Minot, and Devils Lake, and met with VR field staff, VR RAs, and two of the four HSC directors. Based on information obtained from these discussions,

RSA found that VR RAs, VR counselors, and other field staff providing services to individuals receiving VR services were supervised by four HSC directors, who reported directly to the NDVR Director. Given the inclusion of VR field staff within the HSC system, RSA explored the functions of the other HSC staff, in addition to those of VR staff, as well as the services provided at the HSCs. RSA was unable to determine if at least 90 percent of the employees supervised by the NDVR Director are employed full-time on the rehabilitation, including vocational and other rehabilitation, work of the organizational unit as required by 34 CFR 361.13(b)(1)(iii) and as interpreted in guidance found in the preamble to the VR regulations at 62 Fed. Reg. 6308, 6316 (Feb. 11, 1997).

Based on this guidance, it appears that five of the 10 core programs listed above meet the definition of “other rehabilitation,” including:

- developmental disabilities;
- VR;
- children’s mental health;
- serious mental illness; and
- substance abuse services.

Four of the 10 core programs appear not to meet the definition of “other rehabilitation,” including:

- aging services;
- child welfare services;
- program supervision – regional reps and child care licensing specialists; and
- crisis/emergency response services.

The remaining core program, acute clinical services, serves a variety of populations and provides a number of services which may fall within the term “other rehabilitation.” As a result, RSA will need further information to determine whether staff providing those services spend 100 percent of their time on “other rehabilitation” work of the DSU.

An analysis of the staff identified in the ND Biennial Budget detail 2009-2011 indicates a total of 2223.38 full-time employees (FTEs) within NDHS, the DSA for the VR program. Of those, 836.48 are allocated to NDVR, the DSU for the VR program, which includes the VR program and the HSC system. According to the RSA-2 for the same time period, the VR program is staffed by 81 FTEs. RSA was not able to determine, from these facts, how many staff positions are represented by the total number of FTEs within NDVR. If the total number of staff within NDVR, including both the HSCs and the VR program, equals the number of FTEs (836.48) for NDVR, this would mean that 752.832 FTEs must be employed full-time on the rehabilitation, including both VR and “other rehabilitation,” work of NDVR in order to comply with 34 CFR 361.13(b)(1)(iii).

Corrective Action 1: NDVR must:

- 1.1 modify its organizational structure or adjust its staffing levels so that 90 percent of all staff are employed full-time on the rehabilitation work, including both VR and “other rehabilitation,” of the DSU for the VR program, as required by 34 CFR 361.13(b)(1)(iii);
- 1.2 submit an assurance within 10 days of the issuance of the final report that it will comply with the requirements of 34 CFR 361.13(b)(1); and
- 1.3 develop a corrective action plan, within 45 days of the issuance of this final report, that specifies the steps it will take to resolve the finding, timelines for completion of those steps, and methods for evaluating that the steps taken have resolved the finding.

Agency Response: It is NDVR’s position that the DSU only includes the VR state office staff, the regional VR staff, the HSC Directors, and the State VR/HSC Director. According to the organizational chart provided by NDVR, the DSU includes 87 FTE in addition to the four HSC Directors and the State VR/HSC Director. NDVR does not consider the other (non-VR) services provided by the HSCs as part of the DSU. The organizational structure does not separate VR central office and VR field staff. VR central office staff work directly with VR field staff and with the assigned HSC Directors in policy, service delivery, and quality control. VR central office staff and the HSC Directors all report to the State NDVR Director, so there is clearly one point of accountability and authority for all of these. The updated NDVR organizational chart demonstrates this relationship.

State office VR staff have direct involvement with VR field staff in all of the regions for personnel, fiscal and programmatic issues. They participate, along with the HSC Directors, in hiring, staff performance evaluation, and disciplinary actions. Ultimately, all of these functions are the responsibility of the State NDVR Director. North Dakota has never portrayed the entire HSC service continuum as part of the VR DSU, and no VR funds are used for these services. Therefore, NDVR believes that all requirements for VR staff time being devoted to VR functions are met within the NDVR structure.

RSA Response: According to North Dakota’s FY 2010 VR State plan, the most recent plan approved by RSA, NDHS is identified as the DSA for the VR program, and NDVR, housed within NDHS, is identified as the DSU for the VR program. Nancy McKenzie, NDVR director, is identified as the director of the DSU for the VR program. The NDVR organizational chart, submitted by NDVR, shows four subunits within its organization – the VR program, the HSC system, Disability Determination Services (DDS), and the Client Assistance Program (CAP), all of which directly report to Ms. McKenzie, director of NDVR. While NDVR would want to believe that only the VR program constitutes the DSU, this position is not consistent with the approved State Plan which identifies the entire NDVR organizational structure – not just the VR subunit -- as the DSU for the VR program.

Given that it is the identified DSU for the VR program, NDVR must comply with all of the requirements of section 101(a)(2)(B) of the Rehabilitation Act of 1973, as amended (Rehabilitation Act), and 34 CFR 361.13(b)(1) of its implementing regulations. NDVR, as the umbrella agency for four subunits – VR, the HSC system, DDS, and CAP – is primarily

concerned with the VR and other rehabilitation of individuals with disabilities and is responsible for the administration of the VR program, as required by 34 CFR 361.13(b)(i). NDVR has a full-time director (Ms. McKenzie), as required by 34 CFR 361.13(b)(1)(ii), Ms. McKenzie is a member of NDHS' Cabinet, confirming that NDVR is at a comparable organizational level within NDHS to other major units within NDHS' organization, as required by 34 CFR 361.13(b)(1)(iv).

In addition, 90 percent of NDVR's staff must be employed full-time on the rehabilitation work of NDVR, including both VR and other forms of rehabilitation services offered by the DSU (34 CFR 361.13(b)(iii) and 62 Fed. Reg. 6308, 6316 (Feb. 11, 1997)). "Other rehabilitation" includes, but is not limited to, other programs that provide medical, psychological, educational, or social services to individuals with disabilities (*Id.*). According to the organizational chart, dated September 2009, provided by NDVR as part of its response, NDVR claims it employs a total of 834.1 FTEs, 476 FTEs of which are employed full-time in the rehabilitation work of NDVR by providing VR and "other rehabilitation" services. NDVR calculates this figure as being approximately 57 percent of its workforce, as opposed to the 750.69 FTEs that would be needed to constitute 90 percent of the total 834.1 FTEs employed by NDVR. Therefore, NDVR has failed to comply with 34 CFR 361.13(b)(1)(iii).

The organizational chart, as well as the information provided by NDVR, indicates that the HSC regional directors supervise the VR RAs, VR counselors, and other VR staff housed in the local HSCs. The regional HSC directors are involved in VR programmatic, administrative, and fiscal matters. The HSC regional directors' hands-on involvement in the day-to-day VR activities reinforces how intertwined the VR program and the HSC system are within the NDVR organizational structure. The VR program is not separate and distinct from other programs within NDVR, and must be considered within the larger organizational structure. The fact that NDVR argues that VR funds are not used for the other programs under NDVR's purview does not negate the fact that the entire NDVR organization constitutes the DSU for the VR program, and, as a result, the 90 percent staffing requirement of 34 CFR 361.13(b)(1)(iii) applies to the entire NDVR organizational structure.

RSA has carefully review NDVR's response and concluded that NDVR is not in compliance with 34 CFR 361.13(b)(1)(iii). NDVR must take the corrective actions specified in this finding.

Technical Assistance: NDVR is requesting TA in this area.

2. Use of Unrestricted Scholarships as Comparable Benefits.

Legal Requirement: Section 101(a)(8)(A)(ii) of *the Rehabilitation Act of 1973, as amended* (Act) and 34 CFR 361.5(b)(10)(ii) states that comparable benefits do not include awards and scholarships based on merit.

RSA interprets this statutory provision to mean that tuition waivers and scholarships directed specifically for tuition are "restricted" awards that directly reduce the amount of the tuition owed by the student. RSA has concluded that such scholarship and tuition waivers when accepted by a student do not trigger an issue of comparable benefits, because once the student accepts such an

award, the amount of the tuition owed is reduced. With less owed for tuition, there is less for the VR agency to pay.

A VR agency must ensure that its expenditures are allowable under the VR program requirements and consistent with the cost principles set forth in OMB Circular A-87 (EDGAR 34 CFR 80.22(a)(1)). Expenditures for tuition and fees, in general, are allowable because educational expenses are an authorized VR service pursuant to section 103(a)(5) of the Act and 34 CFR 361.48(f) of its implementing regulations. However, those expenditures also must be "necessary and reasonable for the proper and efficient performance and administration of Federal awards" (see OMB Circular A-87, Appendix A, paragraph C(1)(a), revised 5/10/04). Given this requirement, a VR agency cannot pay more towards the cost of tuition and fees than is owed. Therefore, since the restricted awards reduce the amount owed, the VR agency must take that into consideration when calculating its financial contributions towards the college costs.

"Unrestricted" awards differ in that they are in line with what Congress envisioned in 1998 when section 101(a)(8)(A)(ii) was added into the Act. In discussing merit scholarships, the Senate Committee on Labor and Human Resources said it "feels that the individuals with disabilities, who achieve financial awards based on merit, should not have such awards used as a basis to reduce publicly-funded assistance to achieve an employment outcome." (S. Rep. 105-166, page 15, March 2, 1998). In such cases, Congress did not want the VR agency to require a student to apply for these funds or to restrict the student's discretion in how to spend the funds. If the student has discretion as to how to spend the funds, then the award is "unrestricted." In that case, the requirements concerning comparable benefits would apply and an unrestricted scholarship could not be considered as a comparable benefit pursuant to section 101(a)(8)(A)(ii). As a result, a VR agency could not take into consideration an unrestricted scholarship when calculating its own financial contributions if the student chooses to apply the funds to expenses other than those paid for by the VR agency. However, if the student chooses to apply the funds towards tuition or other VR-related expenses, the VR agency would be obligated under the guidelines set forth in OMB Circular A-87 to take that reduction in expenses into consideration when calculating its own financial contribution for the student.

Finding: As part of this review, NDVR submitted SP 80-01 *NDVR Worksheet for Calculating Financial Aide Contribution* issued July 15, 2008. This worksheet places all scholarships, with no differentiation between "restricted" or "unrestricted" status, in a section including items such as Pell Grants, Parental Contributions, and Student Contributions. This has the effect of treating unrestricted scholarships as a comparable benefit with the result that the scholarship amount is subtracted from the total amount owed on the student budget before unmet need is considered, effectively limiting or removing the consumer's choice as to whether to apply an unrestricted merit-based scholarship toward tuition and/or other VR related expenses, or to use the funds for other purposes.

Therefore, the NDVR policy and practice does not meet federal requirements at §101(a)(8)(ii) because the agency considers unrestricted or merit awards and scholarships as a comparable benefit under all circumstances.

Corrective Action 2: NDVR must amend its Policy on Post Secondary Training as well as related worksheets and instructions to properly identify and consider unrestricted scholarships to ensure they are not regarded or applied as a comparable benefit.

Agency Response: NDVR is revising its post-secondary worksheets and instructions to clarify the definition and proper application of restricted and unrestricted scholarships. While the changes will help clarify that unrestricted scholarships cannot be used as a comparable benefit, we do not anticipate it will result in significant changes to our financial participation. The reason we don't anticipate significant changes is that we recently conducted a stratified, statewide case review of FFY 2008 post-secondary payments. The review revealed there were no cases where an unrestricted scholarship was used to calculate VR's financial participation.

RSA Response: RSA acknowledges NDVR's commitment to revise the post-secondary worksheets and instructions. NDVR must take the corrective actions specified in this finding.

Technical Assistance: NDVR has not requested TA in this area.

3. Requiring Individuals to Obtain Student Loans or Work-Study Financial Aid

Legal Requirement:

According to section 101 (a)(8) of the Rehabilitation Act of 1973, as amended (Rehabilitation Act): "prior to providing any vocational rehabilitation service to an eligible individual, except [certain specified services authorized under section 103(a) of the Rehabilitation Act], the designated State unit will determine whether comparable services and benefits are available under any other program." See also 34 CFR 361.53.

Training services described in section 103(a)(5) are not among those services excluded from the search for comparable services and benefits. Section 103(a)(5) of the Rehabilitation Act states: "no training services provided at an institution of higher education shall be paid for with funds under [the Vocational Rehabilitation (VR)] program] unless maximum efforts have been made by the designated State unit and the individual to secure *grant assistance*, in whole or in part, from other sources to pay for such training" (emphasis added). See also 34 CFR 361.48(f).

34 CFR 361.5(b)(10) defines "comparable services and benefits," in pertinent part, as:

- (i) Services and benefits that are –
 - (A) Provided or paid for, in whole or in part, by other Federal, State, or local public agencies, by health insurance, or by employee benefits;
 - (B) Available to the individual at the time needed to ensure the progress of the individual toward achieving the employment outcome in the individual's individualized plan for employment in accordance with [34 CFR] 361.53; and
 - (C) Commensurate to the services that the individual would otherwise receive from the designated State [VR] agency."

34 CFR 361.54, in pertinent part, provides that:

- (a) *No Federal requirement.* There is no Federal requirement that the financial need of individuals be considered in the provision of [VR] services.
- (b) *State unit requirements.*
 - (1) The State unit may choose to consider the financial need of eligible individuals...for purposes of determining the extent of their participation in the costs of [VR] services
 - (2) If the State unit chooses to consider financial need –
 - (i) It must maintain written policies...; and
 - (iv) The policies must ensure that the level of an individual’s participation in the cost of [VR] services is –
 - (A) Reasonable;
 - (B) Based on the individual’s financial need, including consideration of any disability-related expenses paid by the individual; and
 - (C) Not so high as to effectively deny the individual a necessary service.

Finding: During on-site monitoring, RSA reviewed NDVR’s policies and procedures governing the provision of VR services and interviewed NDVR staff regarding the implementation of those policies and procedures. Specifically, RSA reviewed NDVR’s Policy No. 75-08-01-30, regarding VR financial assistance for individuals receiving post-secondary education and training. The policy requires that NDVR and the student determine whether grant assistance is available to help with the cost of the post-secondary education or training. The policy also requires the student to accept all grant assistance offered by the school in order to receive additional financial assistance from the VR program for post-secondary education or training. Furthermore, the policy authorizes NDVR “to request an individual to participate in the cost of attendance through the use of college work study and student loans....”

In addition to the policy, RSA reviewed NDVR’s worksheet -- *NDVR SP 08-01 Instructions for Calculating Financial Aid Contribution from ND Vocational Rehabilitation* -- used by counselors to calculate the amount of financial assistance to be provided in support of post-secondary training. In particular, the instructions prohibit NDVR counselors from authorizing VR funds to substitute for unsubsidized student loans awarded to the student, to the extent those unsubsidized student loans equal the Estimated Family Contribution (EFC) amount for the individual, as calculated by the college’s financial aid office.

The instructions allow NDVR counselors to authorize VR payments to cover the portion of the post-secondary costs that, according to the financial aid documents issued by the school, would be paid through subsidized student loans or college work-study employment. The NDVR counselor must document and justify the need for authorizing VR payments under these circumstances, e.g., when the individual faces increased costs due to disability-related expenses; or the individual’s expected employment goal is such that it would be difficult for the individual to repay the loan.

Section 101(a)(8) of the Rehabilitation Act and 34 CFR 361.53 authorize NDVR to determine whether comparable services and benefits are available to pay for VR services prior to providing most services under the VR program. Comparable benefits and services are those provided or

paid for, in whole or in part, by other Federal, State, or local public agencies, health insurance or employee benefits (34 CFR 361.5(b)(10)). In addition to the required search for comparable services and benefits, NDVR and the student must use maximum effort to secure grant assistance to pay for post-secondary education and training costs prior to determining the amount that NDVR will pay for those services (section 103(a)(5) and 34 CFR 361.48(f)). Although the Rehabilitation Act does not impose a requirement that individuals must help pay for their VR services when financially able to do so, 34 CFR 361.54 authorizes NDVR to establish policies that would require individuals to help pay for their VR services so long as certain parameters are satisfied.

NDVR's Policy No. 75-08-01-30 is consistent with the Federal requirements at sections 101(a)(8) and 103(a)(5) of the Rehabilitation Act and 34 CFR 361.48(f) and 361.53; however, NDVR's implementation of this policy, especially as it relates to NDVR's use of its worksheet to calculate the amount NDVR would pay to assist with the cost of post-secondary education or training is not. Although the instructions for the worksheet permit the use of VR funds to substitute for work-study earnings and subsidized student loan amounts (requiring the counselor to document and justify the need for VR funds to be used in lieu of the work-study earnings or subsidized student loan amounts), NDVR prohibits counselors from paying for the amount of unsubsidized student loans listed on a financial aid award document, to the extent that amount equals the individual's EFC. This exclusion, without the allowance for exceptional circumstances, is not supportable under the VR program (34 CFR 361.54(b)).

NDVR and the student are required to use maximum efforts to secure *grant* assistance before using VR funds to pay for post-secondary education or training (section 103(a)(5) of the Rehabilitation Act and 34 CFR 361.48(f)). Under 34 CFR 80.3 of the Education Department General Administrative Regulations, applicable to the VR program, the term "grant" means an award of financial assistance; it does not include loans or work-study employment. Thus, there is no obligation under the VR program for NDVR or the student to use maximum efforts to secure student loans or work-study employment prior to the student receiving VR services from NDVR for post-secondary training or education.

Furthermore, student loans – whether subsidized or unsubsidized -- and work-study employment do not constitute comparable services and benefits pursuant to 34 CFR 361.5(b)(10) that must be considered before NDVR can use VR funds to provide most services to an eligible consumer.

Student loans are debts incurred by students that must be paid back by the student's own private resources. Similarly, work-study provides employment to students attending post-secondary institutions who need the earnings to help meet the cost of their education (34 CFR 675.1(a)). Benefits from work-study positions are earned through the individual's own "sweat equity." In publishing the final VR regulations, the Secretary explained that comparable services and benefits do "not include the eligible individual's personal resources" (66 Fed. Reg. 4379, 4418 (Jan. 17, 2001)). For this reason, there is no requirement under the VR program that the individual pursue student loans or work-study employment before receiving VR services.

There is no prohibition against NDVR imposing a financial needs test for certain VR services, so long as the needs test is consistent with the requirements of 34 CFR 361.54. Students may

choose to secure student loans or work-study positions in order to pay their share of the cost imposed by the VR financial needs test when applicable. However, the unqualified prohibition by NDVR against using VR funds to pay for a student's unsubsidized loan amount that equals his or her family's EFC violates the VR program regulations at 34 CFR 361.54(b)(2)(iv)(B) and (C), because the policy does not take into account the individual's true financial need, considering disability-related expenses, and could have the effect of denying the individual an opportunity for the post-secondary education or training.

In addition, although the NDVR policy and worksheet allow the use of VR funds to cover subsidized student loans and work-study employment provided certain requirements are met, in practice, RSA has learned that counselors routinely deny the use of VR funds to cover the amounts for subsidized student loans or work-study in the financial aid award. Thus, NDVR staff are not implementing the financial needs test, in this instance, in a manner that is consistent with the requirements of 34 CFR 361.54(b)(2)(iv) and NDVR's own policies and procedures that allow for the use of VR funds to replace subsidized student loans and work-study employment.

For all of the above reasons, NDVR has failed to comply with 34 CFR 361.54(b)(2)(iv) by prohibiting, without any exceptions, the use of VR funds to cover the portion of the unsubsidized student loans that equals the student's EFC. NDVR has also failed to comply with 34 CFR 361.54(b)(2)(iv) in the implementation of its policies and procedures governing subsidized student loans and work-study employment. Finally, NDVR has failed to comply with sections 101(a)(8) and 103(a)(5) of the Rehabilitation Act, 34 CFR 361.5(b)(10), 361.48(f), and 361.53, by treating student loans and work-study employment as "comparable services and "benefits" or "grant assistance."

Corrective Action 3: NDVR must:

- 3.1 allow the use of VR funds to substitute for student loans and work-study employment in a manner that complies with Federal requirements set forth at sections 101(a)(8) and 103(a)(5) of the Rehabilitation Act and 34 CFR 361.5(b)(10), 361.48(f), 361.53, and 361.54;
- 3.2 provide an assurance to RSA within 10 days of receipt of the final monitoring report that NDVR will provide financial assistance for services, especially for post-secondary education and training, in a manner that is consistent with the above-mentioned Federal requirements;
- 3.3 amend Policy No. 75-08-01-30, related worksheets, and instruction sheets, and implement the policy, so that student loans and work-study employment are excluded from consideration of grant assistance or the search for comparable services and benefits as required by sections 101(a)(8) and 103(a)(5) of the Rehabilitation Act and 34 CFR 361.5(b)(10), 361.48(f), and 361.53;
- 3.4 amend relevant policies and procedures to ensure that the financial needs test, if imposed, is done consistently with 34 CFR 361.54; and
- 3.5 provide training to counselors and administrative staff to implement these changes effectively.

Agency Response: The revised NDVR worksheet and instructions will clarify our current policy that students cannot be required to take out student loans and that loans and work study cannot be considered grant assistance or comparable benefits. The revised worksheet also provides for VR participation in the cost of postsecondary education in those situations where there is high EFC. In addition, mandatory statewide training for all staff will be held in November/December 2009. Follow up meetings will also be held with each regional office subsequent to the statewide training.

RSA Response: RSA acknowledges NDVR's commitment to revise the worksheet and instructions and to ensure that NDVR staff are properly trained in the application of the revised policy. NDVR must take the corrective actions specified in this finding.

Technical Assistance: NDVR has not requested TA in this area.

CHAPTER 3: FISCAL MANAGEMENT OF NDVR'S VOCATIONAL REHABILITATION, SUPPORTED EMPLOYMENT, INDEPENDENT LIVING AND OLDER INDIVIDUALS WHO ARE BLIND PROGRAMS

RSA reviewed NDVR'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 percentage are taken from the RSA-2.

**Table 3.1
NDVR Fiscal Profile Data for FY 2004 through FY 2008**

North Dakota (C)					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	8,511,207	8,679,483	8,957,227	9,342,387	9,463,837
Required Match	2,303,541	2,349,085	2,424,256	2,528,499	2,561,369
Federal Expenditures	8,511,207	8,679,483	8,957,227	9,342,387	6,180,495*
Actual Match	2,303,541	2,349,085	2,424,256	2,528,499	2,561,370
Over (Under) Match	0	0	0	0	1
Carryover at 9/30 (year one)	4,011,590	2,881,577	5,795,479	5,522,314	5,539,420
Program Income	197,013	105,002	405,863	146,591	291,905
Maintenance of Effort (MOE)	2,216,218	2,261,668	2,303,541	2,349,085	2,424,256
<hr/>					
Administrative Costs	1,732,558	1,678,955	1,772,539	2,199,182	1,469,857
Total Expenditures**	10,834,344	11,842,810	8,723,455	10,335,958	10,710,805
Percent Admin Costs to Total Expenditures	15.99%	14.18%	20.32%	21.28%	13.72%

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

**Includes Supported Employment Program Expenditures.

Explanations Applicable to the Fiscal Profile Table

Grant Amount

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

Match (Non-Federal Expenditures)

The non-federal share of expenditures in the 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 NDVR During the Review Process

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

- RSA's assessment of the agency's compliance with specific financial requirements, including match, maintenance of effort (MOE), carryover, reallocation, program income, liquidation of outstanding obligations and grant closeout;
- strategies to enhance compensation to enable the recruitment and retention of qualified VR staff;
- financial planning, addressing consistently large and increasing carryover balances and options/plans for reducing carryover balances to enhance services provided to consumers and improve the overall efficiency of the VR program;
- fiscal requirements applicable to the use of the establishment authority to expand and/or develop CRPs;

- grant closeout requirements and deadlines for liquidating outstanding obligations, waiver requirements and procedures for submitting waiver requests;
- the appropriate use of the “services to groups” authority;
- property management and disposition requirements;
- the use of the “innovation and expansion” authority to fund transition projects and the SILC resource plan;
- distinctions between contracting and granting VR program funds;
- reallotment requirements and the release of federal funds that are determined to be in excess of NDVR’s needs for serving VR consumers and administering the VR program;
- how to report program income transferred to CAP and IL programs; and,
- reconciling expenditures reported on the RSA-2 report and verification of reported information.

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

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

1. Financial Planning

Observation: The NDVR financial planning process is not clearly defined and consists mainly of the development of the agency’s yearly budget and subsequent monitoring of expenditures against the approved budget. As a result of not taking a more comprehensive approach to financial planning, financial resources are often far greater than identified programmatic needs.

- The agency’s financial planning process would be more inclusive if it took into consideration: the resources needed to achieve State Plan and strategic plan goals;
- innovation and expansion activities planned by the agency;
- projected federal and state financial resources and funding reductions;
- staffing plans;
- number of consumers projected to be served each fiscal year;
- the cost of serving the consumers; and,
- the projected cost and financial impact of prior year commitments for individualized plans for employment on the resources available in the current fiscal year and future funding periods.

NDVR’s limited planning may contribute to the agency having a large carryover balance of VR program federal funds at the end of each federal fiscal year. Since NDVR meets the match requirement for all federal funds allotted each year in accordance with VR program

requirements, unobligated/unexpended federal funds are available to the agency to expend in the succeeding fiscal year for allowable program costs.

Recommendation 1: RSA recommends that NDVR develop and implement a multi-year financial planning process that, at a minimum, projects: anticipated financial resources (federal and non-federal); plans for the utilization of available resources, documents the need for additional resources and identifies excess resources; administrative (including indirect) expenses; staff salaries, fringe benefits and overhead costs; innovation and expansion activities; state plan goals and strategies; and costs related to providing services to program consumers. This plan should be updated on a regular basis and become a valuable program management tool.

Agency Response: NDVR agrees that a longer-term fiscal planning process is needed to better utilize available resources and reduce carryover between grant periods. In the last year, increasing emphasis has been placed on short and long-range fiscal planning to better utilize funds and decrease carryover. Work has begun with the State Rehabilitation Council as well as with VR staff to include fiscal planning as an ongoing part of strategic planning and program review. To date, improvement has been noted in identifying key fiscal need areas and implementing additional services for clients.

Technical Assistance: NDVR has not requested TA in this area.

2. Carryover Funds

Observation: NDVR carried over a significant percentage of its federal funds from FY 2004 through FY 2008. As indicated in Table 3.2 below, NDVR's carryover funds have significantly increased and remained consistently high between FY 2004 and FY 2008. National carryover averages are not available for FY 2008, but data submitted by general/combined agencies for FYs 2005 through 2007, indicate that federal funds carried over from these fiscal years average slightly over 13.5 percent.

Table 3.2
NDVR Carryover Percentage of Total Federal Allotment FY 2004 to FY 2008

Fiscal Years	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Grant Amount	8,511,207	8,679,483	8,957,227	9,342,387	9,463,837
Federal Funds Available for Carryover	4,011,590	2,881,577	5,795,479	5,522,314	5,539,420
NDVR Percent of Federal Grant Funds Carried Over	47.13%	33.20%	64.70%	59.11%	58.53%
National Average of Combined Agencies Percent of Federal Grant Funds Carried Over	11.21%	12.74%	13.57%	12.96%	10.90%

Recommendation 2: RSA recommends that NDVR:

2.1 include in the financial plan strategies for fully utilizing all federal and state program resources and monitor, throughout the fiscal year, the implementation of this plan; and,
2.2 after analysis of program requirements and expenditure patterns, take action to timely release federal funds that are not needed through the reallocation process each fiscal year.

Agency Response: NDVR agrees to develop financial plan strategies for utilizing available resources, and to monitor implementation of this plan on an ongoing basis. Review of any potential excess resources will be a part of this review

Technical Assistance: NDVR has not requested TA in this area.

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CHAPTER 4: INDEPENDENT LIVING PROGRAM

IL Program Administration and Service Delivery

NDVR receives, accounts for and administers federal funds in the state. In FY 2008, the state expended \$187,811.06 to provide IL services through contracts with CILs. The SILC resource plan was funded with \$18,473 of Part B funds.

Personnel

In addition to the IL program administrator/SILC liaison who works with the SILC and the CILs, NDVR provides necessary staff time to assist the president of the SILC and committee chairs as requested. This support includes note taking at meetings and other clerical support needed to arrange the four SILC meetings held per year. This support is provided by one NDVR clerical staff person on an as needed basis. This service allows the president and SILC committee to conduct business more efficiently.

The SILC was established through North Dakota Century Code (NDCC) 50-06.5 and is part of the State government structure as one of the Boards and Commissions appointed by the Governor.

Data Management

Individual CILs have their own electronic data and case management systems, but do not all use the same software. The state is considering using a uniform system for all CILs. Currently, data on the provision of the four core IL services are provided to NDVR through quarterly reports and the annual RSA-704 reports from each CIL. In addition, each CIL director provides progress reports at the quarterly meeting of the SILC. During the review, CIL directors indicated that the IL partners are working on new and improved performance measures.

Fiscal Management

NDVR conducts contract monitoring and fiscal reviews on a regular basis, and at least once every two years. Each CIL provides quarterly fiscal information to the DSU and SILC, and provides narrative reports at each SILC meeting. NDVR's IL program administrator and fiscal liaison review all reimbursement requests before processing.

All expenditures related to council operations and SPIL development are sent to NDVR for payment. Expenditures relating to dues and IL staff education and training are voted on by SILC members. The Resource Committee provides an expense report at each SILC meeting.

Quality Assurance

NDVR monitors all Part B contracts with the CILs under the state independent living (SILs) program. ND has established standards for service providers that replicate the federal standards at 34 CFR 364.23 and §364.24. NDVR conducts onsite monitoring in conjunction with RSA's onsite reviews of the Part C program at these CILs. Quarterly regional administrator and staff meetings are held with local CILs.

Each CIL reports the number of individuals served and the services they received in a uniform format to the NDVR and to the SILC on a quarterly basis. The SILC Evaluation Committee reviews these reports, as well as annual 704 reports, and consumer satisfaction surveys from each center to determine progress on the SPIL goals and objectives. The Committee then presents the results to the full council. In addition, each CIL director makes an oral report to the SILC at its quarterly meetings.

While each CIL administers a consumer satisfaction survey, at least annually, it is not a uniform survey. The NDVR and the SILC also consider the distribution of information regarding Client Assistance Program (CAP) Services. Accordingly, the SILC requests an annual report from the CAP summarizing the program's activities regarding IL services.

Planning

The FY 2008 – 2010 SPIL was developed by NDVR, the ND SILC and the CILs with the input of IL stakeholders. Each of two CILs hosted a public hearing on the SPIL and all CILs sought input through distribution of flyers and needs assessment surveys. The results of consumer satisfaction surveys conducted by each CIL are also used to identify needs and establish priorities. In addition, the partners look to census data and information from other programs serving individuals with disabilities in the state to include in their needs assessment and planning.

This process yielded the following goals for the current SPIL:

- maintain a cross-disability, consumer-controlled statewide independent living council with active committees to accomplish SILC goals and objectives;
- identify needs and develop legislative and funding strategies that support the implementation of the SPIL and the development of a statewide network of IL services; and
- heighten awareness and understanding of the independent living philosophy and services.

These goals address independent living services and advocacy in the state, but do not create a blueprint for the ND IL network of the future. The objectives for each of these goals is aimed at awareness and advocacy activities without providing information on its plan to address the services and supports needed in the state.

IL Program Technical Assistance Provided to NDVR During the Review Process

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

- SPIL goal development;
- the monitoring and oversight of CILs; and
- SILC autonomy.

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

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

- ND has experienced difficulty in obtaining the representation of American Indian VR Services projects on the SILC partly due to non-inclusion of Indian reservations in the original Part C IL program grants in the state;
- ND makes state and other federal funds available to CILs to supplement Part B funding for support of existing CILs and to increase efforts toward the establishment of new centers to meet IL needs in unserved and underserved communities in the state; and
- ND IL partners are collaborative and have positive working relationships.

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

1. Determination on the Use of Funds Under the SILs Program

Observation: The ND SILC determines how all funds for operating the SILs program are used, in accordance with the goals and objectives of the State Plan. In ND, Part B and other federal and state funds are awarded to the CILs to provide IL services to individuals with disabilities. The CILs are referred to as the SILC's CILs.

Recommendation 1: RSA recommends that the NDVR clarify for the SILC and the CILs that responsibility for determining how available funds are spent to provide IL services under the CILs and SILs programs lies with NDVR, the SILC and the CILs.

Technical Assistance: NDVR has not requested TA in this area.

IL Program Compliance Findings and Corrective Actions

1. Use of Funds Made Available in the SILC Resource Plan

Legal Requirement: 34 CFR 364.21(g) The SILC shall 1) jointly develop and sign (in conjunction with the DSU) the State plan; 2) monitor, review and evaluate the implementation of the State plan; 3) Coordinate activities with the State Rehabilitation Advisory Council established under section 105 of the Act and councils that address the needs of specific disability populations and issues under other Federal law; 4) ensure that all regularly scheduled meetings of the SILC are open to the public and sufficient advance notice is provided; and 5) submit to the Secretary all periodic reports as the Secretary may reasonably request and keep all records, and afford access to all records, as the Secretary finds necessary to verify the periodic reports.

A. SILC Use of Resource Plan Funds to conduct conferences

Of the \$18,473 made available to the SILC in its resource plan, \$9,350 is set aside for conferences. SILC members may not use resource plan funds to conduct activities that are not related to the SILC's statutory duties that are outlined in sec. 705C of the Act and §364.21(g), such as hosting or sponsoring conferences.

B. SILC Monitoring and Oversight of CILs

The ND SILC has been involved in monitoring and oversight of CILs under the Part B SILs program. CIL monitoring and oversight is not one of the SILC's statutory duties. The SILC may observe monitoring and oversight activities but may not participate in those activities.

Corrective Action 1: The ND SILC and the IL partners must include in the SILC resource plan only the funds necessary to carry out the SILC's statutory duties. The funds to be used for activities such as hosting or sponsoring conferences should be entered in the "other SPIL activities" item of the SPIL financial plan table and retained by the DSU for disbursement.

Corrective Action 2: NDVR must take full and sole responsibility for the monitoring and oversight of the CILs in ND under the SILs program.

Agency Response: The change requested in Corrective Action 1 will occur. Monitoring and oversight by the SILC is not conducted in any formal way that NDVR is aware of. Please clarify what RSA views as monitoring and oversight of the CILs by the SILC.

RSA Response: Information received from CILs in ND during the review process indicates that 704 reports are submitted to the SILC to facilitate evaluation of the CILs, and that the SILC participates in program audits of the centers in ND. RSA will work with NDVR to clarify its definition of monitoring and oversight in order to ensure that the SILC does not participate in these activities. NDVR must take the corrective actions included in this finding.

Technical Assistance: NDVR has not requested TA in this area.

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

The following table provides data on NDVR's OIB program performance in key areas from FY 2006 through FY 2008.

Table 5.1
NDVR OIB Program Performance from FY 2006 through FY 2008

North Dakota Dept of Human Services - Division of Vocational Rehabilitation Table 5.1 - Expenditures, Performance, and FTEs	2006	2007	2008
Title VII, chapter 2 expenditures	216,329	218,839	225,000
Total expenditures (including chapter 2)	281,484	286,654	301,723
Total served older individuals who are blind	1,045	1,041	1,109
Total FTEs	3.80	3.60	3.90
Total FTEs with disabilities	0.00	1.38	0.50

OIB Program Administration and Service Delivery

The NDVR OIB Program is administered statewide through VR offices located in the eight HSCs. OIB services are provided directly by rehabilitation vision specialists (RVS). The RVS purchase some services, such as AT and medical services. Mobility training is provided by rehabilitation teachers.

The program serves individuals from age 55 to over 100 years old. Individuals are referred to the program by senior centers, optometrist an ophthalmologist offices, among others. The most requested services are low vision devices, talking books, and sometimes orientation and mobility training.

The RVSs refer applicants who are interested in obtaining employment to the VR program for the services they need. The RVSs serve as consultants to the VR counselors when needed. In addition, NDVR's IL liaison consults with the OIB program administrator on a regular basis, and periodically attends meetings with the RVSs. Through these collaborative activities, the NDVR OIB program is included in the larger IL and VR service networks.

ND has a statewide vision services workgroup comprised of the North Dakota Vision Services/School for the Blind, the North Dakota Association of the Blind, and NDVR. The workgroup meets biannually to share information and program updates about services to individuals with visual impairments. The workgroup discusses available resources and opportunities for blind and visually impaired consumers such as the Family Adjustment Seminar, Camp Grassick, and Ski for Light. The workgroup also shares ideas about training opportunities

for staff. The workgroup is developing a brochure that will reflect services provided by all three entities.

Personnel

The OIB program is staffed with 7 RVSs housed in the HSCs. One RVS serves two HSCs (Williston and Minot.) The program administrator provides supervision for the RVS staff and program management.

The program administrator developed a training manual for new staff that addresses use of the program data base and purchase card. NDVR has an arrangement with the ND School for the Blind to train new staff. The school provides this training at no charge while NDVR covers the housing for the one week program, usually held the first week in December.

OIB staff are represented on the committee planning the annual VR conference and has had a representative on the SILC. Bismarck CIL staff have attended OIB staff meetings and other CILs have contacted OIB staff for consultation.

Data Management

The RVSs enter data into an OIB program data base. The data collected include consumer demographics as well as progress on goals. The RVSs enters information on the goal, the date of agreement to that goal and the date of agreement that the goal has been met or discontinued. The data entered is available to the program manager and the RVSs to track status of the program.

Fiscal Management

At the time of the review, the OIB program administrator and the RVSs were analyzing procedural and procurement methods and spending patterns to improve efficiency of the program's fiscal management. Due to new leadership and new management fundamentals, the director was currently reviewing all purchases.

Quality Assurance

The OIB program manager is responsible for quality assurance activities. This individual reviews data entered for all consumers for quality. In addition, the program manager reviews all purchase card statements to identify spending patterns, to determine available remaining funds and to identify unusually high expenditures. Staff input is sought for purposes of program improvement.

Planning

The OIB program is included in both the DHS Strategic Plan and the NDVR Strategic Plan Performance Measures in support of the goal "To support people with disabilities in their efforts to live safely & productively in the least restrictive, appropriate setting & to attain employment

and independence.” The performance measures listed include the percentage of goals achieved, the number of individuals requesting services and the number of individuals receiving services. The latter two measures were set at 970 for FY 2009.

OIB Program Technical Assistance Provided to NDVR During the Review Process

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

- quality assurance;
- potential comparable benefit programs;
- oversight and monitoring of OIB contracts; and
- strategic planning.

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

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

- OIB services are provided by an RVS who travels regularly to Native American reservations to meet the IL needs of older individuals who are blind;
- there is ongoing collaboration with tribal staff to explore fiscal resources for adaptive aids for OIB consumers;
- NDVR is developing vision kits for use by RVSSs in conducting more comprehensive vision assessments; and
- OIB program staff find it difficult to keep up with the number of referrals and travel the great distances to provide services.

RSA discussed the observations of its stakeholders with NDVR. RSA did not have any formal observations or compliance findings related to the OIB program as a result of this review.

APPENDIX: SOURCES OF DATA

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: State Agency + Contactors”
- Total FTEs with Disabilities - Part II-Staffing, sum of (1) + (2) + (3) + (4) for the column “FTEs with Disability”