

**FISCAL YEAR 2010
MONITORING REPORT ON THE
VOCATIONAL REHABILITATION AND
INDEPENDENT LIVING PROGRAMS
IN THE STATE OF
WISCONSIN**



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

MAY 27, 2011

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EXECUTIVE SUMMARY

During fiscal year (FY) 2010, 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 Wisconsin:

- 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.

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

The Wisconsin Division of Vocational Rehabilitation (WDVR), located within the Department of Workforce Development, is responsible for the administration of the VR, SE, IL and OIB programs. For purposes of the Act, the Department of Workforce Development is known as the designated state agency (DSA) and WDVR is known as the designated state unit (DSU).

WDVR is organized in two bureaus: the Bureau of Consumer Services, responsible for the coordination of field-based consumer services and the Bureau of Management Services, responsible for fiscal administration and information technology support.

WDVR Performance over the Past Five Years

Based on data provided by WDVR through various RSA reporting instruments, the agency's employment rate increased from 45.21 percent to 46.88 percent during the period beginning in FY 2004 and ending in FY 2008. Over this same period, the number of applicants for VR services increased from 15,845 to 17,339, the number of individuals who received services under an individualized plan for employment (IPE) increased from 7,284 to 7,767, and the number of individuals the agency assisted to achieve employment increased from 3,293 to 3,641. From FY 2004 through FY 2008, the average hourly earnings of those individuals who achieved employment increased from \$9.74 to \$10.93.

Additionally during the period, of those individuals who achieved an employment outcome, the number who achieved a supported employment outcome remained steady, decreasing slightly from 419 to 414. The average hourly earnings for these individuals increased from \$7.10 to \$8.50.

Either directly, or through grants or contracts with centers for independent living (CILs) and other service providers, the number of individuals served through the WDVR IL program during the period beginning in FY 2006 and ending in FY 2008 remained constant at 4,163 individuals. During FY 2008, the number of individuals served through the agency's OIB program was 1,541.

Observations of the Agency and Stakeholders

Through the course of the review, agency personnel and representatives of stakeholders, such as the State Rehabilitation Council (SRC), Statewide Independent Living Council (SILC) and the Client Assistance Program, shared information concerning the administration and performance of the WDVR VR, SE, IL and OIB programs. During the review, they observed that:

- WDVR has significantly improved the quality of VR service delivery under the direction of the agency's current administration;
- the agency's team-based delivery system enhances the quality of VR services provided by applying the collective skills, knowledge and perspective of those VR counselors, managers and coordinators on the respective field service team to each case;
- WDVR's management encourages an "employment goal first" approach, which promotes competitive employment as the first priority and preferred VR outcome for all consumers, including those referred by DHS from sheltered settings with complex disabilities for whom integrated employment has not traditionally occurred;
- the Department of Health Service (DHS), the state agency that oversees services and supports for Wisconsinites with developmental disabilities (DDs), utilizes a county-based service delivery system. While most consumers with DDs seeking work via DHS have been traditionally placed in sheltered settings, increasing numbers are being referred to WDVR as DHS transitions to Family Care, a managed care system focused on integrated employment;
- WDVR estimates the size of caseloads and related figures through FY 2013, including staff allocations and case service expenditures, with a caseload projection tool that does not assess the quality and quantity of VR and SE services;
- not all individuals classified as "job-ready" are actually ready to engage in employment and are committed to the employment objectives specified in their IPEs;
- counselors purchase relatively few vocational assessments, evaluations and training services;
- the agency underutilizes benefits analysis, which could assist the counselor and consumer to understand the impact of work on benefits and employment options; and
- the agency has not established a process to measure the quality of services purchased from vendors or delivered by its partners.

Strengths and Challenges:

Based on the observations from the agency and its stakeholders and other information gathered through the review process, RSA concluded that WDVR exhibited a variety of strengths that enhanced, and experienced a number of challenges that inhibited its ability to improve, the performance of its VR, SE, IL and OIB programs.

Strengths:

WDVR has implemented an order of selection since 1994, and, thus, has focused its resources on the provision of services to individuals with the most significant disabilities. Consequently, the agency has taken steps to improve the availability of SE services and the quality of those

outcomes. Although the scope and extent of SE is limited in Wisconsin by the lack of funding for extended services from traditional sources, WDVR reduces the impact of this limitation by making significant use of extended support services, such as Plans to Achieve Self-Support, Impairment Related Work Expenditures, employer supports and family supports.

WDVR is also an active member of the “Managed Care and Employment Task Force.” This task force, spearheaded by DHS and funded by a Medicaid Infrastructure Grant, is working on innovative ways to offer expanded SE services statewide within the context of the Family Care Managed Care service delivery system. This SE service delivery change entails expanding the offerings of some facility-based managed care providers to include integrated employment as an option and converting still others from sheltered to integrated SE providers.¹

For those youth being considered for SE, WDVR may facilitate enrollment with the Family Care Program for long term supports. The discovery process for SE applicants is targeted to begin at least two years prior to exiting high school. This process results in a narrative or photographic record of his or her family interactions, scholastic achievement, performance and interest in various work and extracurricular peer activities. This discovery process record enriches the corresponding IPE. In FY 2008, 16.1 percent of WDVR’s transition-age youth achieved SE outcomes, compared to 10.2 percent for all combined agencies.

In addition, during FY 2009 and FY 2010, WDVR co-funded intensive SE training for 75 WDVR and CRP staff from various parts of the state. The training was provided by the Long Term Care Division of DHS in cooperation with WDVR and the Wisconsin Chapter of the Association for Persons in Supported Employment.

As a result of these activities, WDVR was able to assist individuals with the most significant disabilities to obtain employment at a rate that surpassed that of combined agencies nationally. Throughout the current review cycle, the number of WDVR consumers achieving SE outcomes remained steady each year, resulting in a SE rate that ranged annually from approximately 25 percent to 50 percent greater than the rate achieved for all combined agencies.

To reduce the number of individuals who have received services and who have been unable to find employment (job-ready status), WDVR implemented an on-the-job training (OJT) initiative in February 2009, using American Recovery and Reinvestment Act (ARRA) funds. By March 2010, the agency assisted 303 individuals to receive on-the-job training in both public and private sector employment settings. At the time of the review, WDVR anticipated that, because the ARRA OJT initiative had been successful, it would continue this initiative using VR program funds once the ARRA funding is discontinued. While WDVR set a goal of 450 successful OJTs by the end of FY 2010, and as of August 23rd, 2010, WDVR already had secured 550 successful OJTs.

¹ DHS pursuant to §46.279(1)(bm), Wisconsin Statutes, a law promulgated in 2006, in part, to address studies indicating that adults with DDs in Wisconsin were working in integrated community settings in 2001 at about half of the national mean (15 percent verse 28%), is referring significantly more consumers to WDVR in need of customized SE opportunities and eighteen months of extended support. This statute requires DHS to facilitate services with WDVR and other partners to the fullest extent possible in integrated settings that are the least restrictive.

Challenges:

Performance Outcomes

Data reviewed during the course of monitoring demonstrated that WDVR has experienced difficulty in keeping individuals engaged in the VR process, as indicated by the significant numbers who exited the program at the time of application and once eligibility was determined, but prior to the development of an IPE. This may be due in part to the lack of benefits analysis provided by the agency to its consumers that would better enable individuals to understand the affect of work on the receipt of public benefits and to make informed choices regarding competitive employment.

In addition, the agency provides relatively few individuals with vocational assessments that would assist the individuals and counselors to explore employment goals consistent with the individuals' abilities, skills, interests and informed choice, as well as the services necessary for the achievement of those goals. Furthermore, at the time of the review, WDVR reported that approximately 7,300 individuals who had received services were classified as "job ready." However, management indicated that the agency was not certain that all these individuals were truly prepared for work and were still interested in assistance from WDVR.

These factors may contribute to the relatively low numbers of individuals who achieve quality employment after receiving services from WDVR.

Performance Planning

WDVR has not passed indicator 1.2, 1.6 and 2.1 since FY 2003. The agency lacks formative mechanisms to track its performance in key deficiency areas from prior monitoring processes, the S&I and strategic planning processes. WDVR currently uses a caseload projection tool that projects caseload sizes, staff allocations, and case service expenditures through FY 2013. However, this caseload projection tool does not enable WDVR to assess the quality or quantity of the services provided or the outcomes achieved and to use this information in its planning activities.

Determination of Functional Limitations for Purposes of OOS

Despite the agency's long-standing implementation of an order of selection, VR counselors with whom the team met consistently indicated that they do not receive regular training in the disability spectrum and are not well prepared to make determinations on functional limitations or identify the implications of disabilities on employment. Those counselors reported having difficulty determining subjective categorical assignments to priority categories under the order and have deferred to physicians to determine both functional limitations and the severity of an impediment to employment. This may cause WDVR management to have an inaccurate understanding of the number and characteristics of individuals on its waiting list.

Community Rehabilitation Provider (CRP) Performance Measures

WDVR does not currently engage in a process to adequately measure the quality of the services provided and outcomes achieved by its CRPs. CRPs entering the VR and SE service delivery system do not undergo an assessment process. Likewise, there are no ongoing assessment criteria for providers in the service delivery system or regular monitoring of providers' performance.

Fiscal Management

WDVR's fiscal management processes require strengthening to adhere to specific federal requirements, including those pertaining to fund transfer arrangements, internal controls and tracking, the certification of staff time, assignment of personnel costs, policies governing rates of payment for purchased services, and the monitoring of expenditures under the OIB program.

Acknowledgement

RSA wishes to express appreciation to the representatives of the Department of Workforce Development and WDVR, SRC, SILC and the stakeholders who assisted the RSA monitoring team in the review of WDVR.

INTRODUCTION AND RSA REVIEW PROCESS

Introduction

Section 107 of the Rehabilitation Act of 1973, as amended (Act), requires the commissioner of the Rehabilitation Services Administration (RSA) to conduct annual reviews and periodic on-site monitoring of programs authorized under Title I of the Act to determine whether a state vocational rehabilitation (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 (SE) Services under Title VI, part B, of the Act and the independent living (IL) programs offered under Title VII of the Act are substantially complying with their respective state plan assurances and program requirements.

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 and challenges related to the agency's performance, areas of consistently high or improved performance and those areas of performance in need of improvement;
- recommends strategies to improve performance;
- requires corrective actions in response to compliance findings; and
- provides technical assistance to the state agency to enable it to enhance its performance, meet its goals and fulfill its state plan assurances.

Review Process

Pursuant to the Act, RSA reviewed the performance of the following programs administered by the Wisconsin Division of Vocational Rehabilitation (WDVR):

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

Information Gathering and Review Process Activities

During FY 2010, RSA began its review of WDVR by analyzing information from a variety of sources, including but not limited to, RSA's various data collections, WDVR VR and IL state plans and the agency's State Rehabilitation Council (SRC) Annual Report. After completing its internal review, the RSA review team:

- engaged in numerous teleconferences and other information gathering activities with representatives of WDVR, the SRC, Statewide Independent Living Council (SILC), Client Assistance Program and other stakeholders to gain a greater understanding of the agency's strengths and challenges related to the administration and performance of the VR, SE, IL and OIB programs; and
- conducted an on-site monitoring visit from March 15 through 19, 2010, during which it met with representatives of the Department of Workforce Development, WDVR, the SRC, SILC and other stakeholders to further gather and analyze information and to provide technical assistance in areas already identified by the review team and WDVR.

Data Used During the Review

RSA's review of WDVR began in the fall of 2009 and ended in the summer of 2010. For the purpose of this review, RSA notes that its data collections are finalized and available at different times throughout the year. Consequently, the data collections for the fiscal year that ended immediately preceding that in which the review began (i.e., FY 2009) were not yet available when the review process began. Therefore, this report relies primarily on those data collections available for a completed fiscal year prior to the beginning of the review (i.e., FY 2008) as the sources of data describing the performance of WDVR. However when FY 2009 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 2009 data in the report.

Results of Review Activities

At the conclusion of all monitoring activities, the RSA review team:

- identified performance areas for improvement and recommended that WDVR undertake specific actions to improve its performance;
- identified compliance findings and required WDVR to take corrective action; and
- in collaboration with WDVR determined whether RSA would provide technical assistance to improve the agency's performance or correct compliance findings.

Review Team Participants

Members of RSA's Wisconsin review team included representatives from each of the five functional units within the State Monitoring and Program Improvement Division. The team included the following individuals: Jeffrey Clopein, Edward West and Sandy DeRobertis (Vocational Rehabilitation Program Unit); William Bethel, state liaison (Fiscal Unit); Joseph Doney (Technical Assistance Unit); Joan Ward (Data Collection and Analysis Unit); and Pamela Hodge (Independent Living Unit).

CHAPTER 1: WDVR VOCATIONAL REHABILITATION AND SUPPORTED EMPLOYMENT PROGRAMS

VR and SE Program Systems

The following sections of this chapter describe the manner in which WDVR administers and operates the VR and SE programs through a variety of functions or systems, including service delivery, personnel, case and data management, quality assurance and planning.

Service Delivery

WDVR's administrative office is located in Madison. Field office staff are located, either full-time or on an itinerant basis, at 60 sites, including 11 one-stop centers, organized within regions consistent with the state's workforce development areas (WDA) established pursuant to the Workforce Investment Act. In addition to this collaboration with the Wisconsin workforce investment system, WDVR provides vocational evaluations, SE, job coaching, benefits analysis, job development and placement services through benchmarked service agreements with approximately 240 community rehabilitation programs (CRP) across the state.

Due to a lack of staff and fiscal resources, WDVR has implemented an order of selection (OOS) since December 1994. The order consists of three priority categories: individuals with the most significant disabilities, those with significant disabilities and all other eligible individuals (those with non-significant disabilities). Individuals assigned to Category 1 have not been placed on a waiting list for services since FY 2008 and the period that individuals assigned to Category 2 remained on the waiting list decreased as well.

To maximize its available staff resources due to a state government budget reduction, WDVR began using a team-based service delivery system in FY 2004. Services are provided through 33 field teams consisting of managers, case coordinators and VR counselors. Managers coordinate the team's efforts by reviewing team members' responsibilities, assigning and measuring team goals and reviewing counselors' cases. Case coordinators assist the team in communicating with consumers, scheduling appointments and following up with case documentation. VR counselors make eligibility determinations, authorize case services, develop and monitor IPEs, provide counseling to consumers and are responsible for the cases on their individual caseloads. The team shares the responsibility of providing the consumer with a coordinated service delivery system based on each member's knowledge and expertise of the individual's unique case information. The agency uses shared case documentation and shared calendars visible to all staff that assists in determining case service needs and providing consumers with timely and relevant case information.

WDVR offers SE services to consumers with the most significant disabilities in collaboration with many partners. This employment option is normally extended as an individual placement modality with a traditional employer based upon information obtained through assessment services that incorporate information from a variety of sources including school transition, previous work, community activities and family experience; not from information developed

solely for the purpose of evaluation or diagnosis. Information gathered from interviews with the consumer, family, friends, teachers and others is evaluated within the context of the specific needs of an employer. WDVR also provides SE services for consumers seeking employment via job sharing, cluster sites and self-employment. WDVR initially developed a SE self employment model in collaboration with the Developmental Disabilities Service program in Dane County, and is currently replicating it statewide.

On a statewide basis, WDVR’s designated high school transition staff provides leadership, advocacy and technical assistance, and facilitate collaboration among consumers, parents, teachers and various service agencies needed by the student. Transition staffing includes one or more liaison counselors assigned to each school district and/or school building throughout the state, the majority of which have general caseloads, a statewide transition action team comprised of representatives of each of the 11 WDAs that are primarily responsible for transition across their respective WDA service delivery area, and a statewide coordinator.

With the consent of the student and family, WDVR staff attends Individualized Education Plan (IEP) meetings and, prior to the student’s leaving school, seek to develop IPEs that are coordinated with the respective IEP and include both intermediate and long term post-school employment goals. WDVR provided notably more VR counseling and guidance for transition age youth in FY 2008 than the combined agency average, (81.5 percent versus 72.0 percent), and significantly less job readiness training (12.3 percent versus 24.4 percent), college or university training (16.2 percent versus 23 percent) and assessment services (49.6 percent versus 71.8 percent). WDVR’s employment rate in FY 2008 for transition-age youths was 46.9 percent versus 56.1 percent for all combined agencies.

Personnel

In FY 2008, WDVR employed 293 staff members who were involved in the administration and provision of VR and SE services. Table 1.1 below presents the breakdown of the number of staff for each position at that time.

**Table 1.1
WDVR Personnel Positions for FY 2008**

Position	Number of Staff
Rehabilitation counselors	174
Case coordinators/staff supporting activities	68
Field managers	21
Central office leadership managers	6
Central office support staff	24
Total	293

All VR counselors hired by WDVR since May, 1992, pursuant to the agency’s comprehensive system of personnel development have met the national standard. All VR counselors must obtain a master’s degree in rehabilitation counseling or closely related fields and pass the

National Board for Certified Counselors exam or the Commission on Rehabilitation Counselor Certification exam. In addition to meeting the requirements for national certification, all VR counselors employed by WDVR must pass the Wisconsin Counselor Licensure exam and maintain the license. As a condition of Wisconsin counselor licensure, they must also accrue 3,000 hours of post-degree clinical supervision and earn thirty hours of continuing education credit every two years.

During the review, WDVR informed RSA that beginning in July 2010, and continuing through state FYs 2011 and 2012, the Wisconsin legislature would require the agency to maintain a vacancy rate of ten percent. This percentage represents 32 full-time equivalent positions.

Data and Case Management

WDVR implemented its electronic case management system (CMS) in October 1999. The agency provides all managers and counselors with notebook computers or other technology so that they can access and enter information in the CMS from the field. Beginning in FY 2005, WDVR has maintained all information included in an individual's case record electronically. The system's built-in electronic signature function is used to develop and execute documents requiring signature, except the application for services. The print application and other materials not available electronically are scanned into the CMS. WDVR uses this paperless system to facilitate the work of the teams and the progression of cases through the VR process by enabling each member of the team to add information in each other's electronic case files.

WDVR central office personnel retrieve data from the CMS to prepare standard and approximately 1,000 customized reports per year for use by management and other staff in the administration and operation of the VR program. The standard reports include those that capture data used in the development of the state plan and the SRC annual report and that submitted to the Social Security Administration when the agency seeks reimbursement for the costs of services. WDVR maintains a shared file directory for the exchange of any reports or ad hoc query results. In addition to the ad hoc reports produced by WDVR staff, the Department of Workforce Development maintains a data warehouse and wizard to produce reports based on data at a specific point in time.

WDVR central office staff produces reports for submission to RSA. The RSA-911 preparation process is fully automated. Data is extracted from the CMS and downloaded into a spreadsheet. Accuracy of data is obtained by running the RSA-ERA program every four to six weeks. Edit checks contained within the CMS itself also prevent the inclusion of inaccurate information and data in case records. The preparation of the RSA-113 and the RSA-2 is partially automated, with the data extracted from the CMS and inserted into spreadsheets. During the review, WDVR informed RSA that it intends to implement a new CMS in October 2010, which will integrate programmatic and fiscal data.

Quality Assurance

The agency's quality assurance (QA) activities focus primarily on case record reviews conducted by a team of fiscal, program, and management personnel. The case record reviews are based on

the federal requirements for case documentation. Fiscal personnel review the purchase of VR services in conjunction with the case documentation to insure the purchase of services meets agency guidelines.

Case reviews are conducted monthly and feedback is provided to area managers, supervisors, and VR counselors. Areas of deficiency are analyzed and where trends are evident, training for staff is developed. At the time of the review, WDVR indicated that it was in the process of developing and implementing a “Training Academy” that will focus on providing staff education to improve case record processes.

At the time of the review, RSA noted that WDVR was engaged in limited QA activity regarding services provided by its vendors or delivered by its partners. Although prospective vendors must submit an application, they are not measured against a defined set of criteria, nor does the agency conduct monitoring of vendors once they have provided services.

Planning

WDVR undertook its most recent strategic planning process in FY 2005, with the implementation of a planning tool based on caseload projections. This tool forecasts the number of anticipated new applicants to the VR program, staff allocations, and services based on the OOS. The tool anticipates human capital and fiscal resource needs based on trend analysis. This guides the agency’s planning purposes in the strategic and state plans. The planning tool forecasts are also used as OOS and wait list data for the statewide needs assessment.

WDVR completes strategic planning based on the results of its annual CSNA. The agency uses the CSNA results to develop strategies that address deficiencies in serving underserved and unserved individuals by the VR and SE program. The agency develops the goals and strategies to address CSNA results for the state plan and uses these goals as the basis for the annual strategic plan. The strategic goals are communicated to the local field teams. The field teams develop local area goals based on the strategic and state plan goals and priorities. The goals relate to the state goals in the areas of employment outcomes, employment rates, wage rates, and fiscal budgets. The teams create strategies for meeting the goals based on the state goals and priorities.

WDVR’s planning processes do not adequately address performance measures relevant to improving VR and SE services. For example, the agency monitors its performance on standards and indicators (S&I) on a monthly basis via a management data report. However, it does not use a sufficient array of management tools to strategically plan to improve its performance on these measures.

VR and SE Program Performance

The following table provides data on the performance of the VR and SE programs administered by WDVR in key areas from FY 2004 through FY 2008.

Table 1.2
VR and SE Program Performance from FY 2004 through FY 2008

Program Highlights	2004	2005	2006	2007	2008
Total funds expended on VR and SE	\$66,362,645	\$66,724,488	\$61,985,440	\$75,807,349	\$71,727,662
Individuals whose cases were closed with employment outcomes	3,293	3,080	2,617	3,165	3,641
Individuals whose cases were closed without employment outcomes	3,991	4,048	3,483	4,368	4,126
Total number of individuals whose cases were closed after receiving services	7,284	7,128	6,100	7,533	7,767
Employment rate	45.21%	43.21%	42.90%	42.02%	46.88%
Individuals whose cases were closed with supported employment outcomes	419	462	386	331	414
New applicants per million state population	2,876	2,438	2,466	2,929	3,081
Average cost per employment outcome	\$6,414	\$7,709	\$7,599	\$6,825	\$8,212
Average cost per unsuccessful employment outcome	\$2,266	\$2,884	\$3,017	\$2,588	\$3,236
Average hourly earnings for competitive employment outcomes	\$9.98	\$9.74	\$10.12	\$10.37	\$10.98
Average state hourly earnings	\$16.47	\$17.10	\$17.51	\$18.15	\$18.68
Percent average hourly earnings for competitive employment outcomes to state average hourly earnings	61%	57%	58%	57%	59%
Average hours worked per week for competitive employment outcomes	29.9	29.4	28.8	29.6	29.3
Percent of transition age served to total served	28.83%	30.42%	33.30%	28.29%	29.66%
Employment rate for transition population served	51.95%	47.88%	47.56%	41.95%	46.92%
Average time between application and closure (in months) for individuals with competitive employment outcomes	32.2	32.8	35.6	28	27.4
Performance on Standard 1	NOT MET	NOT MET	NOT MET	MET	MET
Performance on Standard 2	NOT MET				

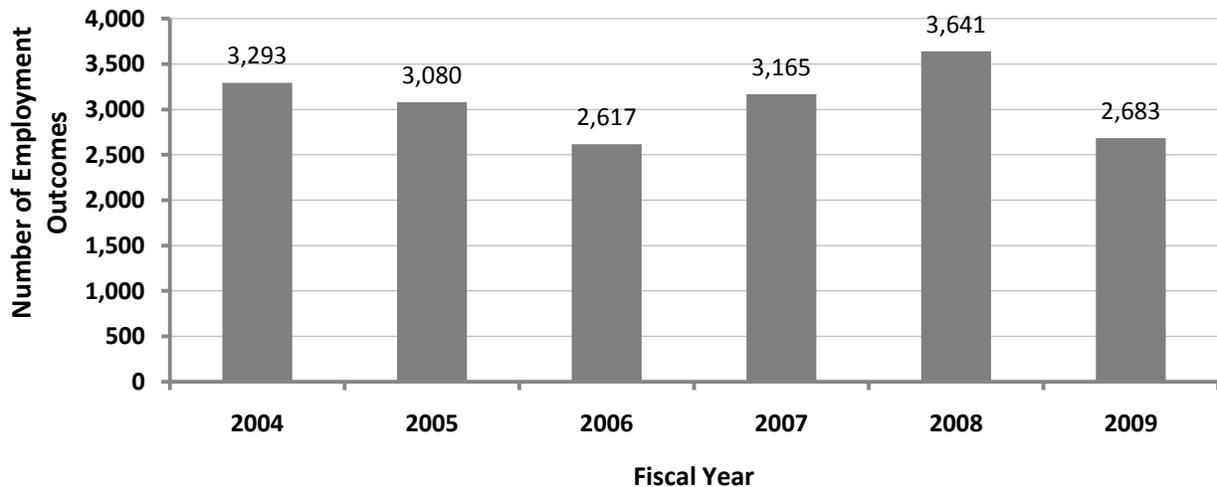
VR/SE Program Performance Observations and Recommendations

As a result of its review activities, RSA identified the performance observations set forth below and recommended that WDVR take specific steps to improve the agency's performance associated with each of the observations.

1. Performance Outcomes

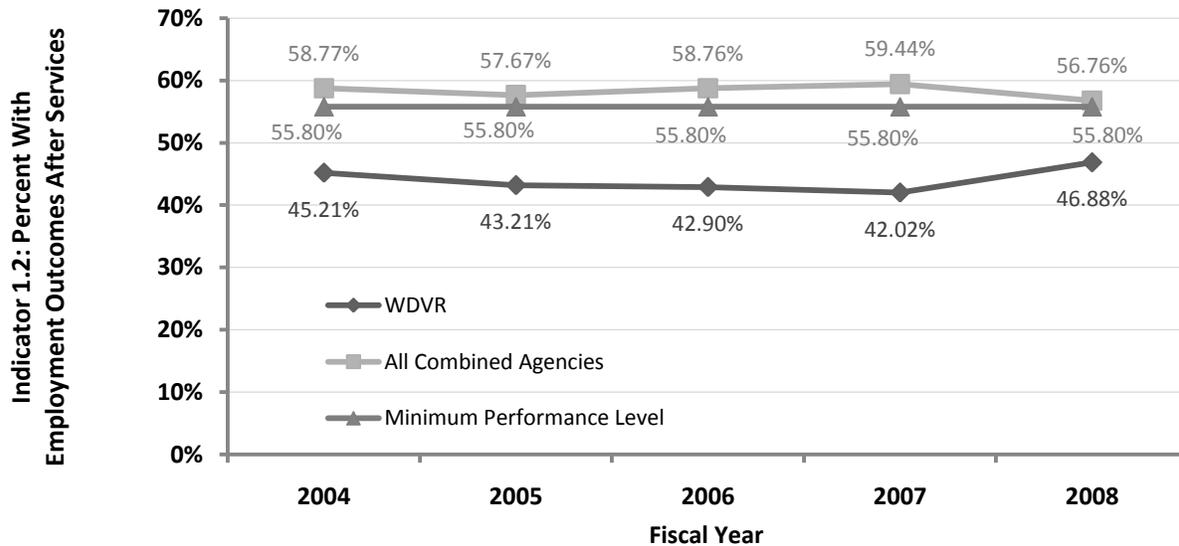
Observation: WDVR has difficulty securing employment opportunities in sufficient numbers and of high quality. The agency does not effectively work with its consumers at the beginning of the VR process especially in providing assessment and vocational goal development. WDVR management is uncertain of the actual preparedness of those classified as job-ready and their commitment to their employment objective. Additionally, of the individuals who come to WDVR and receive services, less than half achieve an employment outcome. As a result, the performance of WDVR's service delivery system does not properly address the VR needs of individuals with disabilities seeking quality employment.

Table 1.3
WDVR's Number of Employment Outcomes for FY 2004 through FY 2009



- Although individuals who achieved an employment outcome increased from the previous year in FY 2007 and FY 2008, the number of employment outcomes decreased in FY 2009, resulting in the agency failing indicator 1.1, difference in the number of individuals with employment outcomes from prior year.

Table 1.4
Comparison of WDVR to All Combined Agencies on Performance of Indicator 1.2:
Percent with Employment Outcomes after Services for FY 2004 through FY 2009



- Of the individuals whose cases were closed in FY 2004 through FY 2009, and who received services from WDVR, less than half achieved an employment outcome resulting in the agency failing indicator 1.2, percent with employment outcomes after services, for each of these years.
- In FY 2009, WDVR's performance on indicator 1.2 was 16.4 percent lower than that for all combined agencies.

Table 1.5
Percentage of Individuals Closed as an Applicant for FY 2004 through FY 2008

	2004	2005	2006	2007	2008
WDVR	21.8%	28.1%	17.1%	23.6%	26.8%
All Combined Agencies	16.8%	16.3%	16.0%	15.7%	16.0%

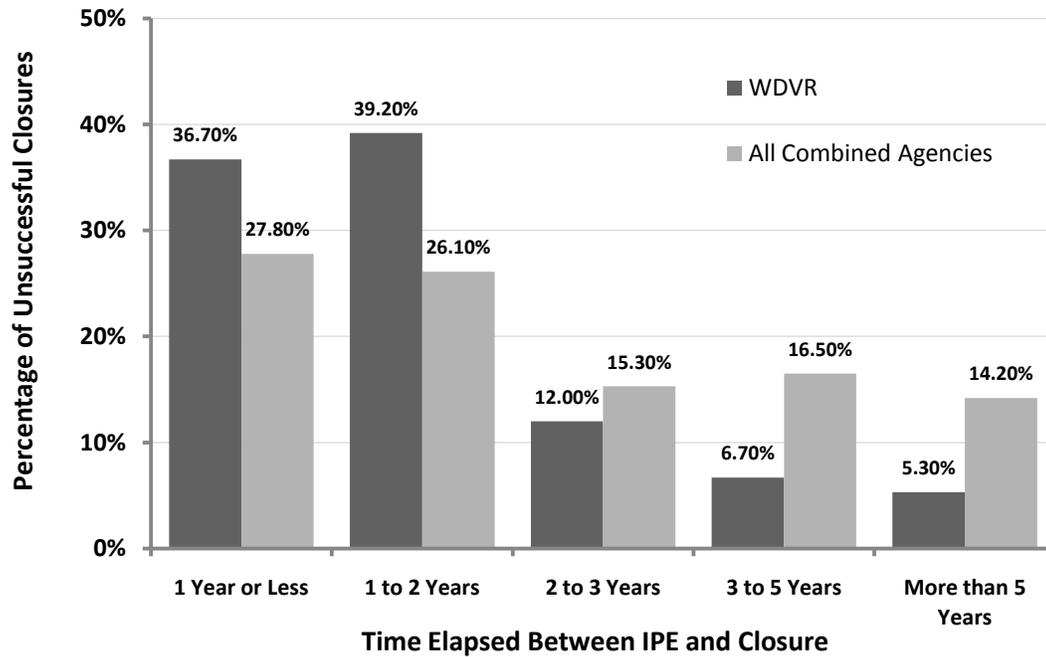
- In FY 2008, the cases of 26.8 percent of the individuals who requested services from WDVR were closed at the time of application. This percentage has been increasing since FY 2006, and is more than 10 percentage points higher than that for all combined agencies.

Table 1.6
Reasons for Closure as Applicants in FY 2008

	Failure to cooperate	All other reasons
WDVR	31.5%	24.8%
All Combined Agencies	20.9%	16.6%

- In FY 2008, “failure to cooperate” and “all other reasons” were given as the reason for closure for more than half of the individuals who were closed as applicants by WDVR. This is approximately 50 percent greater than that for all combined agencies.

Table 1.7
Comparison of WDVR to All Combined Agencies of the Time Elapsed Between IPE Development and Closure for Individuals Whose Cases Were Closed Unsuccessfully in FY 2008



- Of the individuals who received services from WDVR and whose cases were closed unsuccessfully in FY 2008, 75.9 percent were closed two years or less after the IPE was developed compared to 53.9 percent for all combined agencies.
- In FY 2008, WDVR closed 33.7 percent of its unsuccessful cases after IPE development in one year or less in active service, compared to 27.8 percent for all combined agencies, 8.9 percentage points more than all combined agencies. Additionally, WDVR closed an additional 39.2 percent of its unsuccessful cases after an IPE was developed between one and two years in active service, 13.1 percentage points more than that for all combined agencies.

**Table 1.8
Percentage of Individuals of All Ages and Transition Age Who Received
Assessment and Diagnosis and Treatment of Impairment Services
for FY 2004 through FY 2008**

Services Provided	2004	2005	2006	2007	2008	Combined Agencies 2008
All Ages						
Assessment services	61.70%	60.90%	53.50%	49.00%	47.60%	73.60%
Diagnosis and treatment of impairments	20.40%	16.80%	14.50%	13.00%	12.60%	41.40%
Transition Age						
Assessment services	63.40%	64.50%	55.20%	51.40%	49.60%	71.80%
Diagnosis and treatment of impairments	18.30%	14.90%	13.20%	11.50%	10.80%	30.10%

- WDVR provides significantly less diagnostic and assessment services to determine disabilities and to assist in the identification of abilities, aptitudes, interests and occupational goals. WDVR uses medical assessments for OOS category assignment but VR counselors RSA met with during the review consistently expressed being unable to relate medical limitations to functional and employment limitations. VR staff and stakeholders RSA met during the review consistently reported that WDVR discourages vocational assessments.
- In FY 2008, 47.6 percent of those of all ages received assessment services, compared to 73.6 percent for all combined agencies.
- The percentage of consumers of all ages receiving assessment services decreased by 22.9 percentage points during the five-year review cycle; falling from 61.7 percent in FY 2004, to 47.6 percent in FY 2008.
- In FY 2008, 49.6 percent of the transition-age consumers served received assessment services compared to 71.8 percent for all combined agencies.
- The percentage of transition-age consumers receiving assessment services fell by 21.9 percentage points during this five year review cycle; falling from 63.4 percent in FY 2004, to 49.6 percent in FY 2008.

Table 1.9
Percentage of Individuals of All Ages and Transition Age Who Received
Training Services for FY 2004 through FY 2008

Services Provided	2004	2005	2006	2007	2008	All Combined Agencies
All Ages						
College or university training	12.1%	12.7%	12.6%	10.1%	10.1%	15.9%
Occupational/vocational training	20.1%	21.7%	17.1%	11.0%	13.4%	15.1%
Basic academic remedial or literacy training	1.9%	1.8%	5.1%	0.9%	1.1%	2.5%
Job readiness training	12.6%	14.8%	13.6%	11.2%	11.7%	17.7%
Transition Age						
College or university training	19.8%	21.2%	20.0%	16.7%	16.2%	22.8%
Occupational/vocational training	20.4%	20.9%	18.1%	11.2%	13.5%	15.8%
Basic academic remedial or literacy training	2.7%	1.9%	6.6%	1.0%	1.1%	4.2%
Job readiness training	14.2%	16.1%	15.9%	12.3%	12.3%	24.4%

- During FY 2008, WDVR provided a lower percentage of individuals with college or university training, occupational and vocational training, basic academic remedial or literacy training, and job readiness training than the percentage of all combined agencies.

Table 1.10
Comparison of WDVR to All Combined Agencies on Performance of Indicator 1.6:
Difference between Percent Self-Supporting at Closure and Application for
Individuals Who Achieve a Competitive Employment Outcome for
FY 2004 through FY 2009

		2004	2005	2006	2007	2008	2009
Percent self-support at application	WDVR	14.53%	15.19%	20.46%	22.87%	23.17%	23.65%
	All Combined Agencies	21.92%	21.64%	21.67%	22.51%	24.05%	24.80%
Percent self-support at closure	WDVR	67.52%	67.00%	64.10%	67.93%	66.13%	64.15%
	All Combined Agencies	84.59%	84.57%	84.48%	84.36%	84.45%	84.01%
RSA Minimum Performance Level: 53.0%	WDVR	52.99%	51.82%	43.64%	45.06%	42.96%	40.50%
	All Combined Agencies	62.68%	62.92%	62.81%	61.85%	60.41%	59.21%

- For the individuals who were served by WDVR, the difference in the percentages of individuals who reported that their primary source of support at application was their own income versus the percentage of individuals who reported that their primary source of support at closure was their own income was less than that for all combined agencies for

FY 2004 through FY 2009. Additionally, the difference in this percentage for WDVR has been below the minimum performance level for indicator 1.6, resulting in the agency's failure to pass this indicator in each of these years.

Table 1.11
Median Number of Hours Worked Per Week for Competitive Employment Outcomes for FY 2004 through FY 2008

Agency	2004	2005	2006	2007	2008
WDVR	35	32	30	30	30
All Combined Agencies	40	40	40	40	40

- From FY 2006 through FY 2008, the median hours worked per week for competitive employment outcomes was 30 hours per week, compared to 40 hours per week for all combined agencies.
- From FY 2004 through FY 2008, as a result of working fewer hours, employer sponsored medical insurance benefits were provided to a substantially lower percentage of employed consumers than all combined agencies.
- During the review, The WDVR management team reported to RSA that the agency had identified approximately 7,300 individuals with disabilities as job-ready after receiving services, in addition to others who have completed training or active service provision but were not yet recorded as job-ready. The management team indicated that it was uncertain of the actual “readiness” of these individuals and their commitment to their employment objectives.
- The RSA review team found that WDVR does not provide sufficient vocational preparation prior to the determination of job readiness. Job readiness issues are not explored and resolved in a timely manner.
- Benefits analysis is underutilized and when offered the results are not routinely shared with the VR counselor. Therefore, the VR counselor is unable to help the consumer understand the impact of work on benefits and of the array of employment options available.

Recommendation 1: RSA recommends that WDVR:

- 1.1 focus VR counseling and guidance on determining which strategies may allow the consumer to benefit from VR services in terms of employability;
- 1.2 invest more time and resources in assessment, benefits analysis, and job readiness of individuals with disabilities to identify strengths, abilities, aptitudes and interests;
- 1.3 expand its use of benefits analysis to allow individuals with disabilities to make informed decisions on employment options;
- 1.4 develop a screening tool to assess job-readiness that is applied to all consumers currently determined job-ready;
- 1.5 develop methods to reduce attrition for individuals closed at application; and

- 1.6 identify reengagement interventions for consumers determined to be no longer job-ready, i.e. benefits analysis, on-the-job training, on-the-job evaluations, further training or career exploration.

2: Performance Planning

Observation: WDVR completes strategic planning based on the results of the CSNA and the state plan. The agency uses the CSNA results to develop strategies that address deficiencies in serving individuals who are from underserved and unserved populations. However, the agency's planning processes do not address performance measures relevant to improving VR and SE services and outcomes.

- The agency currently uses a caseload projection tool that projects caseload sizes, staff allocations, and case service expenditures through FY 2013. However, this caseload projection tool does not measure the agency's quality or quantity of VR and SE services.
- The agency has not passed indicator 1.2 since FY 2000, has not passed 1.6 since FY 2003, and has not passed 2.1 since FY 2003. Evidence exists the agency will have failed the S&I in FY 2010, with deficiencies in indicators 1.2, 1.6 and 2.1. The agency lacks formative mechanisms to track its performance in key deficiency areas from prior monitoring processes, the S&I and strategic planning processes.
- The agency uses 240 CRPs in its service delivery system to produce employment outcomes, but does not have an adequate system to measure the quality of services delivered by the CRPs.

Recommendation 2: RSA recommends that WDVR:

- 2.1 develop appropriate management tools to evaluate the agency's performance;
- 2.2 use the management tools that strategically plan to improve performance on key performance measures; and
- 2.3 communicate and implement this performance measurement information to staff and stakeholders.

3. Determination of Functional Limitations for Purposes of OOS

Observation: WDVR operates under an OOS; however, it is inconsistent in its implementation.

- The agency uses a priority system composed of three categories: most significant disability, significant disability and other disabled. During the onsite review, VR counselors RSA met with consistently expressed that they do not receive regular training in the disability spectrum, and that they were not well prepared to make determinations on functional limitations or identify VR implications of disability on the world of work. Those VR counselors expressed having difficulty determining subjective categorical assignments for OOS and having deferred to physicians to determine both functional limitations and severity of impediment to employment.

- Some counselors believed that an individual's impediment to employment should be considered at the time eligibility is determined, while others did so at the time individuals are assigned to a priority category under the OOS.
- WDVR reported that during FY 2009, eligible applicants with the most significant disabilities experienced no wait, individuals with significant disabilities experienced a wait of no longer than 11 months, and the wait period for those with non-significant disabilities remained indefinite. At the end of FY 2009, 3,988 individuals were on the waiting list.

Recommendation 3: RSA recommends that WDVR:

- 3.1 consider use of medical, psychiatric, neuropsychological and psychological consultation services prior to eligibility determination to better prepare and train counselors in assessing functional limitations and understanding the VR implications across the range of disabilities;
- 3.2 better define its criteria for assignment to OOS categories and expand its rating criteria for the seven functional areas; test for inter-rater reliability; and
- 3.3 provide staff with training on the functional assessment tool using actual case studies.

4. CRP Performance Measures

Observation: WDVR service agreements with 240 CRPs to deliver VR services to eligible consumers. These vendors receive benchmark payments for a brief two-day assessment upon referral, placement in a competitive employment situation and 90-day job retention. However, WDVR has engaged in limited QA activity to measure the quality of its CRP providers.

- CRP providers entering the VR and SE service delivery system do not undergo an assessment process. Likewise, there are no ongoing assessment criteria for providers in the service delivery system or regular monitoring of providers' performance.
- WDVR needs to develop and implement a system to assess the quantity and quality of services delivered by its vendors.
- Many vendors RSA spoke with indicated a need for improving relations that result in role clarification and expectations for counselors, consumers and vendors, including reporting and training expectations.
- These vendors indicated that value is not placed on the collaborative development and implementation of employment plans for consumers.
- CRPs indicated that ongoing training in disability awareness across the disability spectrum was necessary to serve individuals with diverse disabilities.

Recommendation 4: RSA recommends that WDVR:

- 4.1 enhance its QA system to include monitoring the performance of its CRP's;
- 4.2 develop and implement assessment criteria for providers linked to performance measures;
- 4.3 develop and implement an ongoing monitoring system to assess the quantity and quality of the services delivered and the outcomes achieved by providers; and

- 4.4 use the monitoring information to improve the quality of services provided by CRPs by identifying ongoing training and technical assistance needs of CRP staff.

Technical Assistance and Continuing Education

This section of the chapter describes the technical assistance provided by RSA during the review and the continuing education needs of WDVR identified by agency personnel and stakeholders. The technical assistance requested by WDVR to enable it to carry out the recommendations set forth above is contained in Appendix A to the report entitled “Agency Response.”

Technical Assistance Provided

During the review of the VR and SE programs, RSA provided technical assistance to WDVR regarding:

- The review of revised data tables including comparisons to combined agencies on an OOS;
- consistent intensive engagement and interaction with consumers early in the VR process;
- management of applicants on the waiting list;
- the development of a QA system for the monitoring of CRP performance; and
- guidance on the definition of integrated settings as it pertains to employment outcomes in WDVR’s expanding partnership in the Family Care initiative.

Continuing Education

During the course of the review, WDVR and stakeholder representatives, including the SRC, requested that agency personnel receive continuing education in the areas of:

- training for VR counselors and CRP staff on specialty disability populations;
- training for CRP staff on disability awareness across the disability spectrum;
- OOS categorical definitions and implementation of OOS; and
- training for CRP staff on vocational assessment.

CHAPTER 2: WDVR INDEPENDENT LIVING PROGRAM

IL Program Systems

The following sections of this chapter describe the manner in which WDVR administers and operates the IL program, authorized pursuant to Title VII, Part B, of the *Rehabilitation Act*, through a variety of functions or systems, including service delivery, personnel, case and data management, quality assurance and planning.

Program Administration and Service Delivery

WDVR is responsible for administering the Part B funds via contracts with its partners. Centers for Independent Living (CIL) employ staff that provide outreach services to unserved and underserved individuals in their respective areas. Part B funds are used to fund the statewide independent living council (SILC) resource plan in order to conduct meetings, develop and coordinate SPIL activities and monitor SPIL progress. The state association of CIL directors uses Part B funds to provide training and technical assistance to the CILs and for the conduct of peer reviews.

Personnel

WDVR designates program and fiscal staff to assist with the administration of IL contracts. As of FY 2008, the staff breakout was as follows:

Budget Analyst:	.01 Full-Time Equivalent (FTE)
Contract Officer/Project Director:	.10 FTE

The SILC employs a full-time SILC Executive Director, and a full-time Project Coordinator.

Data Management

WDVR does not collect data for Part B services. The eight CILs use a combination of Part B and C funds and report the number of consumers served with these funds on the RSA-704 Part II.

Quality Assurance

WDVR is responsible for monitoring its contracts on-site and on a regular basis.

Planning

WDVR, CILs, the SILC, the Coalition for CIL directors and other disability organizations jointly develop the SPIL. A statewide needs assessment is completed every three years to ascertain the needs of the consumers and community. Needs are then analyzed and developed into goals and objectives and placed in the SPIL. The SILC and its partners monitor SPIL progress quarterly.

IL Program Performance

The following table provides data on the WDVR IL program performance in key areas from FY 2006 through FY 2008.

Table 2.1
Wisconsin Program Highlights for IL Program
for FY 2006 through FY 2008

Program Highlights	2006	2007	2008
Title VII, chapter 1, Part B funds	311,969	310,577	302,890
Total resources (including Part B funds)	998,306	994,488	916,308
Total served	4,163	4,186	4,163
Total consumer service records closed	1,611	1,418	1,425
Cases closed, completed all goals	1,213	1,126	1,063
Total goals set	5,285	5,208	4,862
Total goals met	2,972	2,984	2,375
Total individuals accessing previously unavailable transportation, health care, and assistive technology	1,255	1,632	865
Total FTEs	1	3	4
Total FTEs with disabilities	2	2	3

IL Program Performance Observations and Recommendations

As a result of its review activities, RSA identified the performance observations set forth below and recommended that WDVR take specific steps to improve the agency's performance associated with each of the observations.

1. Monitoring and Contracting

Observation: WDVR does not develop contracts or conduct monitoring activities in a consistent manner with its Part B recipients - the SILC, CIL, or the Wisconsin Coalition. WDVR would benefit from the implementation of a more consistent contracting, monitoring practices in the administration of the Part B IL program.

- WDVR has not developed formalized policies and practices for the monitoring of its Part B contractors, and therefore, these activities are not engaged in routinely and consistently.
- WDVR does not engage in a consistent approach to the development of IL-related contracts. For example, a review of these contracts found that some contained measurable performance goals, while others did not.

Recommendation 1: RSA recommends that WDVR:

- 1.1 identify and participate in training that will teach staff how to develop and implement contracts with partners; and
- 1.2 learn and establish monitoring activities that may be incorporated in contracts.

Technical Assistance

This section of the chapter describes the technical assistance provided by RSA to WDVR during the course of the review. The technical assistance requested by the agency to enable to carry out the recommendations set forth above is contained in Appendix A titled “Agency Response.”

Technical Assistance Provided

During the review of the IL program, RSA provided technical assistance to WDVR regarding Completion of the RSA-704, Part I.

CHAPTER 3: INDEPENDENT LIVING SERVICES PROGRAM FOR OLDER INDIVIDUALS WHO ARE BLIND

Program Systems

The following sections of this chapter describe the manner in which WDVR administers and operates the independent living services program for older individuals who are blind (OIB), authorized pursuant to Title VII, Chapter 2, of the *Rehabilitation Act*, through a variety of functions or systems, including service delivery, personnel, case and data management, quality assurance and planning.

Program Administration and Service Delivery

In FY 2008, WDVR received \$569,010 in Chapter 2 funds and \$64,941 in state match funds. WDVR has developed an agreement with the Division of Long Term Care (DLTC) to distribute the OIB funds via the provision of services to older blind consumers.

To be eligible for the OIB program, consumers must be at least 55 years old and have a visual acuity of 20/70 or less in both eyes. If necessary, consumers are sent for a clinical screening to determine diagnosis and treatment.

WDVR designates program and fiscal staff to assist with the administration of the grant. The OIB program management is comprised of an interim director and two field supervisors. Field supervisors for the northern and southern parts of the state manage rehabilitation associates and specialists.

There was a significant decrease in the number of consumers served between FY 2005 and FY 2006. However, since that time the number of consumers served has steadily increased.

Personnel

WDVR designates program and fiscal staff to assist with the administration of the OIB contract. As of FY 2008 the staff breakdown was as follows:

Budget Analyst:1 (.01 Full-Time Equivalent (FTE))
Contract Officer/Project Director: ...1 (.05 FTE)

According to the FY 2008 7-OB report, DLTC contracted and sub-contracted staffing was as follows:

Support/ admin:2.04 FTE
Direct Service:15.80 FTE
Total:17.84 FTE staff
Direct Service:0.33 FTE

The OIB program currently employs a DLTC interim director. The interim director has served in this position since FY 2008. WDVR does not anticipate that this position will be filled in the near future due to budget cuts.

Data Management

OIB program staff utilizes the WDVR case management system for entering data and case notes. Data collection is completed and analyzed for RSA reporting purposes. WDVR's staff liaison is responsible for compiling and analyzing data for reporting on the 7-OB form. Data are also analyzed for reviewing trends, increases and decreases in the number of consumers served and services provided. Fiscal data are collected and analyzed by WDVR's fiscal department.

Quality Assurance

OIB program components that are subject for quality assurance (QA) review include:

- OIB policies and procedures;
- Contracts;
- performance-based measures;
- consumer service record reviews;
- verification of consumers served;
- services requested and provided; and
- goals met and achieved.

Currently, WDVR has designated a staff liaison to work with the OIB program and its management. WDVR meets with OIB management and staff quarterly to review reports and answer pertinent questions. Consumer record reviews are completed on a quarterly basis.

Planning

The OIB program staff reported that strategic planning has not been a priority. Budget cuts have affected the program's ability to plan for the future.

The OIB program is not included in the SPIL. OIB management reported that Wisconsin has established a "statutory" Council for the Blind and Visually Impaired that advises on the needs and concerns of those who are blind.

OIB Program Performance

The following table provides data on WDVR OIB program performance in key areas for FY 2008.

**Table 3.1
OIB Program Performance**

Expenditures, Performance, and FTEs	2008
Title VII, chapter 2 expenditures	569,010
Total expenditures (including chapter 2)	633,951
Total served older individuals who are blind	1,541
Total FTEs	18.17
Total FTEs with disabilities	2

OIB Program Performance Observations and Recommendations

As a result of its review activities, RSA identified the performance observations set forth below and recommended that WDVR take specific steps to improve the agency’s performance associated with each of the observations.

1. OIB Policies and Procedures

Observation: The OIB program does not have specific policies and procedures in place to operate a service delivery program. This results in unclear program eligibility, confidentiality issues and identification of core services under Chapter 2 funding. This negatively impacts the services delivered to consumers.

- The WDVR Office for the Blind and Visually Impaired (OBVI) has a policy and procedure manual. This manual does not detail any specific policies or procedures for consumers participating in the OIB Program.
- OIB staff lack knowledge of the difference between OIB Chapter 2 funds and Title 1 (110) funds for service provision. Program staff indicated there has been no training on how Chapter 2 funds may be used.
- WDVR and OIB staff is not aware that specific policies and procedures should be in place for the OIB program.

Recommendation 1: RSA recommends that WDVR:

- 1.1 develop and implement specific policies and procedures for the OIB program focused on eligibility, confidentiality and the services provided under Chapter 2;
- 1.2 provide comprehensive training to OIB staff on newly developed OIB policies and procedures; and
- 1.3 provide comprehensive training to OIB staff regarding how OIB funds differ from Title 1 funds.

Technical Assistance

This section of the chapter describes the technical assistance provided by RSA to WDVR during the course of the review. The technical assistance requested by the agency to enable it to carry out the recommendations set forth above is contained in Appendix A titled “Agency Response.”

Technical Assistance Provided

During the review of the OIB program, RSA provided technical assistance to WDVR regarding:

- The monitoring of agreements and contracts; and
- OIB policies and procedures.

CHAPTER 4: FISCAL MANAGEMENT OF THE WDVR VOCATIONAL REHABILITATION, SUPPORTED EMPLOYMENT, INDEPENDENT LIVING AND INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND PROGRAMS

RSA reviewed WDVR's fiscal management of the vocational rehabilitation (VR), Supported Employment (SE), Independent Living (IL) and Independent Living Services for Older Individuals Who are Blind (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 Wisconsin Department of Administration (DOA) and Department of Workforce Development Administrative Services Division (DWD/ASD) supports WDVR in its performance of financial management functions. The department also helps the governor develop and implement the state budget. One of DOA's chief duties is to analyze administrative and fiscal issues facing the state and offer alternative solutions to the governor and other policy makers.

DOA's Division of Executive Budget and Finance provides fiscal and policy analysis to the governor for development of executive budget proposals and assists agencies in the technical preparation of budget requests. It reviews legislation and prepares or coordinates the fiscal estimates that accompany all expenditure bills. The division provides program and management evaluation and maintains the management information system for authorized state employee positions. It also established accounting policies and procedures, maintains the state's central payroll and accounting systems, monitors agency internal control procedures and produces the state's annual fiscal and financial reports.

WDVR Fiscal Performance

The data in the following tables are taken from fiscal and program reports submitted by the state agencies to RSA, and speak to the overall effectiveness of the agency's fiscal management practices. Data related to the VR program matching requirements are taken from the fourth quarter of the respective fiscal year's SF-269 report. The data pertaining to the VR program maintenance of effort requirements are derived 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 VR program administration, total expenditures, and administrative cost percentages are taken from the RSA-2. IL and OIB program fiscal data, including the sources and amount of funding, match and carryover, are extracted from the programs' SF-269s, the RSA-704 and the RSA-70B reports.

**Table 4.1
WDVR VR Program Fiscal Performance FYs 2004-2008**

Wisconsin (C)					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	\$51,503,742	\$52,012,086	\$52,853,689	\$54,831,961	\$55,648,242
Federal Expenditures	\$51,503,742	\$52,012,086	\$52,853,689	\$54,831,961	\$55,648,242
Required Match	\$13,939,386	\$14,076,969	\$14,304,747	\$14,840,162	\$15,061,087
Actual Match	\$13,939,387	\$14,076,969	\$14,304,747	\$14,840,163	\$15,061,088
Over (Under) Match	\$1	\$0	\$0	\$1	\$1
Carryover at 9/30 (year one)	\$0	\$0	\$5,645,449	\$0	\$0
Program Income	\$394,687	\$458,372	\$1,484,592	\$1,409,536	\$1,334,015
Maintenance of Effort (MOE)	\$13,419,151	\$13,780,656	\$13,939,387	\$14,076,969	\$14,304,747
Administrative Costs	\$6,647,135	\$5,930,254	\$6,077,032	\$7,079,618	\$7,668,706
*Total Expenditures	\$66,362,645	\$66,724,488	\$61,985,440	\$75,807,349	\$71,727,662
Percent Admin Costs to Total Expenditures	10.02%	8.89%	9.80%	9.34%	10.69%

*Includes Supported Employment Program Expenditures.

**Table 4.2
WDVR IL Program Fiscal Performance FYs 2004-2008**

Wisconsin (C)					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	\$306,070	\$316,174	\$311,969	\$310,577	\$302,890
Federal Expenditures	\$306,070	\$316,174	\$311,969	\$310,577	\$302,890
Required Match	\$34,008	\$35,130	\$34,663	\$34,509	\$33,654
Actual Match	\$34,008	\$35,131	\$34,664	\$34,509	\$33,655
Over (Under) Match	\$0	\$1	\$1	\$0	\$1

**Table 4.3
WDVR OIB Program Fiscal Performance FYs 2004-2008**

Wisconsin (C)					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	\$564,404	\$592,051	\$585,247	\$584,462	\$569,010
Federal Expenditures	\$564,404	\$592,051	\$585,247	\$584,462	\$569,010
Required Match	\$62,712	\$65,783	\$65,027	\$64,940	\$63,223
Actual Match	\$62,712	\$65,784	\$65,028	\$64,941	\$63,224
Over (Under) Match	\$0	\$1	\$1	\$1	\$1

Fiscal Management Compliance Findings and Corrective Actions

RSA identified the following compliance findings and corrective actions that WDVR is required to undertake. WDVR 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 from the issuance of this report and RSA is available to provide technical assistance to assist WDVR to develop the plan and undertake the corrective actions. RSA reserves the right to pursue enforcement action as it deems appropriate, including the recovery of Titles I and VII funds, pursuant to 34 CFR 80.43 and 34 CFR part 81 of EDGAR.

1. WDVR and Department of Health Services—Transfer of Funds Arrangement

Legal Requirements:

34 CFR 361.63(c)(2) states:

Payments provided to a State from the Social Security Administration for assisting Social Security beneficiaries and recipients to achieve employment outcomes may also be used to carry out programs under part B of Title I of the Act (client assistance), part B of Title VI of the Act (supported employment), and Title VII of the Act (independent living).

34 CFR 364.4 states:

Designated State unit means either –

- (1) The state agency or the bureau, division, or other organizational unit within a State agency that is primarily concerned with the vocational rehabilitation, or vocational and other rehabilitation, of individuals with disabilities and that is responsible for the administration of the VR program of the State agency; or
- (2) The independent State commission, board or other agency that has the vocational rehabilitation, or vocational and other rehabilitation, of individuals with disabilities as its primary function.

34 CFR 364.22 states:

- (a) The State plan must identify the DSU as the entity that, on behalf of the State, shall –
 - (1) Receive, account for, and disburse funds received by the State under part B of chapter 1 and section 723 of title VII of the Act ..., based on the plan.

34 CFR 80.20(a), in pertinent part, requires that:

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

- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

34 CFR 80.40(a) requires that:

Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.

Finding: Since at least FY 2006, WDVR has been required by state appropriations law (05-06 Wis. Stats, 20.445(n)) to transfer \$600,000 of SSA reimbursement funds to the Department of Health Services (DHS), which, in turn, contracts those funds to the State's CILs for the CILs' general operation. Conversely, DHS is required by state appropriations law to transfer \$300,000 in State appropriation funds to WDVR to be used for match purposes under the VR program (05-06 Wis. Stats 20.435). Using those funds, WDVR could draw down \$1,108,451 in Federal VR funds each year for the purpose of providing VR services to eligible consumers.

SSA reimbursements are the largest sources of program income under the VR program. Although program income generally must be spent in the program which generated that income (e.g., the VR program), SSA reimbursement funds may be used for other specified purposes, including the provision of IL services under Title VII of the Rehabilitation Act (34 CFR 361.63(c)). Therefore, the transfer of the \$600,000 in SSA reimbursements by WDVR to DHS for the provision of IL services is permissible under 34 CFR 361.63(c). Please note, however, that SSA reimbursements are the only VR funds that may be used for purposes other than the VR program. Pursuant to 34 CFR 361.3, VR funds, including the funds WDVR receives from DHS for match under this arrangement, must be used solely for the provision of VR services or the administration of the VR program. Program income generated under the VR program, with the exception of SSA reimbursements, must also be spent solely on allowable VR expenditures (34 CFR 361.63(c)(1)). It is RSA's understanding that, to date, WDVR's SSA reimbursements have been more than sufficient to meet the required \$600,000 transfer to DHS for IL purposes. However, we remind WDVR that in the event SSA reimbursements are not sufficient to satisfy the required transfer amount, WDVR may not use Federal or State VR funds or other sources of program income under the VR program to supplement the amount if those funds are not being used for VR expenditures.

There exists no Memorandum of Agreement (MOA) regarding this transfer of funds arrangement between WDVR and DHS, making it difficult for RSA to understand why the State of Wisconsin has required this arrangement. The same outcome could be achieved more cleanly if the State were to increase WDVR's state appropriation for the VR program by \$300,000 and WDVR were to use the \$600,000 in SSA reimbursements to award the CILs contracts along with its own administration of the Title VII-B IL program. This approach would be similar to the arrangement WDVR had with the Wisconsin Coalition of Independent Living Centers in FY 2005, although the requirement in that contract that the centers provide match appears to be contrary to 34 CFR 365.14.

- A. If the State chooses to continue this arrangement with DHS as a pass-through to the CILs, WDVR and DHS must establish a written agreement, in order to ensure that WDVR is still fulfilling its duties as the DSU under title VII pursuant to 34 CFR 364.4 and 364.22. Although WDVR may permit DHS to handle the distribution of SSA funds to CILs, it must be clear that WDVR performs all of the duties and responsibilities of the DSU listed in the Act, regulations, and the Wisconsin SPIL. See sections 704(a)(2)(A), 704(c), 705(b)(2)(B)(i) and 705(e) of the Act and 34 CFR 364.20(g), 365.30 and 365.31 regarding the non-delegable duties of the DSU. The MOA must address how the SSA funds are distributed to each of the CILs consistent with procurement requirements and include provisions for how the DSU will maintain oversight over the administration of the contracts with the CILs. At this time, given that WDVR has failed to implement this written agreement with DHS, WDVR has failed to demonstrate that it is fulfilling all its duties as the DSU for the IL program.

- B. In addition, because there is no written agreement between WDVR and DHS, WDVR transfers \$600,000 of SSA Funds to DHS without any fiscal tracking requirements or provisions for DSU oversight or monitoring, and WDVR only records for accounting purposes a \$600,000 transfer from Title I (Program Income – Social Security Reimbursements) to the Independent Living Program. There are no programmatic or fiscal controls to ensure that the funds are expended in accordance with Title VII requirements consistent with the requirements of 34 CFR 80.20(a) and 80.40(a).

Corrective Action 1: WDVR must:

- 1.1 develop and implement a written agreement with DHS that specifies the responsibilities each party will fulfill to ensure that this transfer of funds arrangement satisfies Federal requirements, including requirements regarding DSU non-delegable duties under 34 CFR 364.4 and 364.22, fiscal and programmatic controls, and monitoring requirements under 34 CFR 80.20(a) and 80.40(a); and
- 1.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that all future agreements with DHS will satisfy Federal requirements; WDVR also must ensure that, in the event SSA reimbursements are not sufficient to meet the required \$600,000 transfer, WDVR will not use VR funds, including VR-generated program income, to supplement the amount; WDVR also must assure that it will administer the VR and IL programs in such a manner that ensures the proper expenditure and accounting of Federal funds, as required by 34 CFR 80.20(a).

2. Internal Controls and Tracking of Funds

Legal Requirements:

34 CFR 361.12 requires that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is

responsible under the VR program. These methods must include procedures to ensure accurate data collection and financial accountability.

34 FR 80.20(a), in pertinent part, requires that:

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

(2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

34 CFR 80.40(a) requires that:

Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.

Finding: WDVR has failed to comply with 34 CFR 361.12, 34 CFR 80.20(a)(2), and 34 CFR 80.40(a), as demonstrated in the following:

- A. The WDVR information system allows a counselor to: 1) enter services for consumers; 2) choose the provider to be used for those services; 3) authorize services; and 4) approve payment for services. However, there is no evidence of a system of internal controls that monitors the VR counselor's data input to ensure that expenditures are only for allowable goods and services under the VR program and that VR funds were used solely for authorized uses. As a recipient of VR funds, WDVR must ensure that the VR program is administered properly and efficiently and in such a manner that ensures the proper expenditure and accounting of VR funds (34 CFR 361.12 and 34 CFR 80.20(a)(2)). Instead, the VR counselor has complete control of the process, with no internal monitoring of the counselor's actions and data input to ensure accuracy and compliance with Federal requirements.
- B. According to the information RSA reviewed onsite, WDVR's purchase of goods and services make up 60 percent of all of their VR expenditures. Although WDVR periodically meets with some of their vendors to discuss operations, they do not have a systematic manner of reviewing, monitoring or providing oversight to their numerous service agreements, MOUs, etc. As a recipient of VR funds, WDVR must ensure that the VR program is administered properly and efficiently and in such a manner that ensures the proper expenditure and accounting of VR funds (34 CFR 361.12 and 34 CFR 80.20(a)). Furthermore, as a recipient of Federal funds, WDVR must monitor all grant-supported activities, including those funded with service agreements under the VR program, to ensure that all program requirements are satisfied and that performance goals are achieved. By not monitoring its contractors and service agreement provided services, as required, WDVR is unable to identify and correct poor performance in a timely manner, or identify and correct areas of non-compliance.

Therefore, it also is unable to ensure that it is administering the VR program in a proper and efficient manner that ensures the proper expenditure and accounting of VR funds.

- C. During onsite monitoring, RSA learned that WDVR issues checks, known as “Training Grant Payments,” in lump sum payments to consumers attending college or vocational school. The checks, totaling up to \$4,500 for the school year per individual, are issued at the beginning of each semester. According to the information RSA reviewed, WDVR does not require receipts to demonstrate the manner in which the funds were spent or track the funds in any other manner to ensure that they are spent solely on allowable VR costs authorized under the individual’s IPE. Instead, WDVR only requires a transcript at the end of the school period to demonstrate school attendance. RSA reviewed payments made by WDVR during the period of FY 2004 through January 31, 2010, and found that WDVR issued \$214,995 in unverified (e.g., no transcripts on file) “Training Grant Payments,” demonstrating that WDVR did not follow its own policies and procedures for the issuance of these payments. As indicated above, WDVR is required to administer the VR program in a manner that ensures the proper expenditure and accounting of funds (34 CFR 361.12 and 34 CFR 80.20(a)). Moreover, WDVR must ensure that it has written policies and procedures that govern the provision of VR services and the criteria that must be satisfied for the provision of those services (34 CFR 361.50(a)). By not following its own policies and procedures governing the provision of “Training Grant Payments” as required by 34 CFR 361.50(a), WDVR cannot ensure that the funds were spent properly and solely for allowable VR costs, as required by 34 CFR 361.3, 34 CFR 361.12, and 34 CFR 80.20(a).
- D. In addition to the “Training Grant Payments” just described, RSA found, while onsite, that WDVR also expended \$82,841 in miscellaneous expenses (e.g., GPS system, assorted fees and memberships, car insurance, clothes, equipment, cash advances, computers, child care, etc.) on VR consumers without requiring receipts or supporting documentation to verify that the expenditures incurred were for allowable VR costs, as authorized by the IPE. These expenditures covered the period of FY 2004 through January 31, 2010. By failing to obtain the receipts or other supporting documentation, WDVR failed to administer the VR program in a manner that ensures the proper expenditure and accounting of VR funds, as required by 34 CFR 361.12 and 34 CFR 80.20(a).

For all of the above reasons, WDVR has failed to comply with 34 CFR 361.12, 34 CFR 80.20(a)(2), and 34 CFR 80.40(a).

Corrective Action 2: WDVR must:

- 2.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will implement internal controls sufficient to ensure the validity of expenditures under the VR program, as required by 34 CFR 361.12 and 34 CFR 80.20(a)(2); WDVR also must assure that it will monitor all grant-supported activities, as required by 34 CFR 80.40(a); and
- 2.2 develop and implement procedures to ensure that:

- a. WDVR can verify through supporting documentation that expenditures made directly to consumers were solely for allowable costs, as authorized under the individuals' IPEs;
- b. fiscal controls permit the tracking of expenditures necessary to ensure that the funds are not used in violation of restrictions and prohibitions of applicable statutes; and
- c. internal controls are in place to ensure that funds are spent solely for allowable costs for eligible consumers, and consistent with the agency's own written policies. These procedures should ensure that VR counselors do not have sole control over the authorization for services, approval for payments, and payment of those services.

3. Assigning Personnel Costs—Staff Working on Multiple Programs

Legal Requirements:

34 CFR 361.12 states:

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

34 CFR 80.20(a) states:

- (a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State... must be sufficient to:
 - (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

2 CFR part 225 (formerly known as OMB Circular A-87), Appendix A, paragraph C.3, in pertinent part, states:

C. Basic Guidelines

- 3. Allocable costs.
 - a. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.
 - b. All activities which benefit from the governmental unit's indirect cost, including unallowable activities and services donated to the governmental unit by third parties, will receive an appropriate allocation of indirect costs.
 - c. Any cost allocable to a particular Federal award or cost objective under the principles provided for in this Circular may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons.

2 CFR part 225 (formerly known as OMB Circular A-87), Appendix B, paragraph 8, in pertinent part, states:

- 8.h.4 Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) ... Such documentary support will be required where employees work on: (a) more than one federal award; and (b) A federal award and a non-federal award.
- 8.h.5 Personnel activity reports or equivalent documentation must meet the following standards: (a) they must reflect an after-the-fact distribution of the actual activity of each employee; (b) they must account for the total activity for which each employee is compensated; (c) they must be signed by the employee; and (d) budget estimates or other distribution percentages determined before services are performed do not qualify as support for charges to federal awards but may be used for interim accounting purposes.

Finding: WDVR is not in compliance with 2 CFR part 225, Appendix B, paragraphs 8.h.4 and 8.h.5, because the agency charges all administrative or other staff support costs of the IL-Part B and OIB programs to the VR program. By using VR funds to pay for personnel costs not arising under the VR program, WDVR has failed to comply with 34 CFR 361.12, 34 CFR 80.20(a), and the Federal cost principles, which require that WDVR must administer the program in such a manner to ensure the proper expenditure and accounting of VR funds for allowable costs.

While onsite, RSA learned that WDVR does not have procedures in place that require staff to record and keep track of the time they spend working on various programs. Staff are not required to complete personnel activity reports, as required by 2 CFR part 225, Appendix B, paragraph 8.h.4. Instead, staff who work on multiple programs simply record their time without attributing the hours to specific programs. Furthermore, RSA learned, while onsite, that WDVR contracts out the entire amount of its IL-part B funds and transfers its OIB funds to DHS, which provides OIB services to consumers. For those WDVR staff who administer those IL-part B contracts and OIB Memorandum of Agreement with DHS, WDVR charges their personnel and related costs to the VR program, even though their time is not spent administering the VR program.

Although the funding for the VR program represents the greatest share of WDVR's funding, the continuing practice of assigning all personnel costs to the VR program because of limited funding in other programs is not in accordance with cost principles outlined in 2 CFR part 225. To the extent WDVR has staff that work on multiple programs, WDVR must maintain personnel activity reports to account for the time staff work on each program (2 CFR part 225, Appendix B, paragraph 8). WDVR's failure to account for personnel activities accurately in accordance with the time spent on each program results in non-compliance with 2 CFR part 225, Appendix B, paragraph 8. Furthermore, WDVR has failed to comply with 34 CFR 361.12 and 34 CFR 80.20, which requires the proper and efficient administration of the VR program, which ensures proper accounting of expenditures and record-keeping. By using VR funds to pay for costs that should have been borne by the IL part B, OIB, and other programs, WDVR has not ensured proper administration and fiscal accountability under the VR program.

Corrective Action 3: WDVR must:

- 3.1 cease using Title I funds for personnel costs that do not arise under the administration of the VR program and that are not supported by documentation, such as personnel activity reports, pursuant to 2 CFR part 225, Appendix B, 8.h.4 and 8.h.5;
- 3.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with 2 CFR part 225, Appendix B, 8.h.4 and 8.h.5 by requiring staff who work on multiple programs to submit personnel activity reports to support the time spent on each program. WDVR also must assure that it will use Title I funds only for allowable VR expenses, including personnel costs arising under the VR program, and that personnel costs arising under the IL-part B and OIB programs will be charged to those programs as appropriate; and
- 3.3 submit a plan, including timelines, describing the corrective actions that will be taken to ensure:
 - a. personnel activity reports are maintained to support the allocation of an equitable portion of personnel costs for individuals, not charged indirectly, who work on more than one federal grant program or cost objective; and,
 - b. personnel and administrative costs are allocated equitably, either directly or indirectly, to each program administered by WDVR (excluding the SE program under Title VI-B, which can legally be charged to the VR program).

4. Periodic Certification – Staff Working Solely on One Program

Legal Requirements:

34 CFR 361.12 states:

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

34 CFR 80.20(a) states:

- (a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State... must be sufficient to:
 - (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

2 CFR part 225 (formerly known as OMB Circular A-87), Appendix B, paragraph 8.h.3 states:

- 8.h.3: Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-

annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

Finding: WDVR is not in compliance with 2 CFR part 225, Appendix B, paragraph 8.h.3, because the agency does not conduct periodic certifications for employees working solely on one federal grant program or cost objective. In failing to comply with this requirement, WDVR is not able to ensure that the VR program is administered properly and efficiently, and that all VR funds are accounted for properly, as required by 34 CFR 361.12 and 34 CFR 80.20(a).

As a recipient of VR funds, WDVR is required to administer the program properly and efficiently (34 CFR 361.12 and 34 CFR 80.20(a)). It must ensure that VR funds are properly accounted for and that accurate data are collected and reported (*Id.*). In ensuring the proper administration of the VR program and accountability of VR funds, WDVR must be able to document the time its staff spend on the VR program. Federal cost principles set forth requirements for ensuring the proper accounting of staff time, both for staff working full-time on one program and for staff splitting their time on multiple programs. In particular, 2 CFR part 225, Appendix B, paragraph 8.h.3, requires WDVR employees or their supervisors to certify, at least semi-annually, that the employee worked solely on one grant program during the period covered by the certification.

While onsite, RSA noted that WDVR does not conduct semi-annual certifications for staff who work solely on one program, as required by 2 CFR part 225, Appendix B, paragraph 8.h.3. Furthermore, WDVR does not require its staff to track their time to specific programs. Instead, the personnel documentation that RSA reviewed on-site indicated that WDVR staff report their hours worked, but do not attribute those hours to any benefiting grant, regardless of whether the hours worked were attributed to one single grant or multiple grants, which made it impossible for RSA to determine which staff worked on a single grant. Given this failure to ensure that the staff's time is certified at least twice a year, WDVR has failed to comply with 2 CFR part 225, Appendix B, paragraph 8.h.3. In failing to comply with this certification requirement, as well as WDVR's failure to require its staff to track their time in accordance with the program worked, WDVR also has failed to comply with 34 CFR 361.12 and 34 CFR 80.20(a), because WDVR cannot ensure that the VR program has been administered properly and efficiently or that VR funds have been expended solely on allowable VR personnel costs.

Corrective Action 4: WDVR must:

- 4.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with staff certification requirements set forth at 2 CFR part 225, Appendix B, 8.h.3; and
- 4.2 develop procedures that ensure, at a minimum, semi-annual certifications are completed for all employees working solely on one federal grant program, or cost objective, as required by 2 CFR part 225, Appendix B, 8.h.3.

5. Policies to Govern the Rates of Payment for all Purchased VR Services

Legal Requirements:

34 CFR 361.50(c)(1) states that:

- (1) The State unit must establish and maintain written policies to govern the rates of payment for all purchased vocational rehabilitation services.

34 CFR 361.12 states that:

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

2 CFR part 225 (formerly known as OMB Circular A-87), Appendix A, paragraph C.3.a states:

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

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

Finding: WDVR is not in compliance with 34 CFR 361.50(c)(1), because the agency has not developed or maintained written policies governing the rates of payment for purchased VR services. As a result, WDVR cannot ensure that expenditures made for purchased VR services are consistent with the requirements of 34 CFR 361.12 and the Federal cost principles at 2 CFR part 225.

While on-site, RSA questioned WDVR staff about how service rates were determined given the agency's lack of policy. WDVR informed RSA that it permits the service agreement providers to set the rate they charge for the services rendered to WDVR consumers. From the information that RSA reviewed on-site, the rates for services are not based on a market analysis of the costs for providing the services.

Federal regulations require WDVR to establish procedures that enable it to administer the VR program in an efficient manner that ensures it can carry out all functions and account for the expenditure of VR funds properly (34 CFR 361.12). WDVR also must establish and maintain written policies that govern the rates of payment for all purchased VR services (34 CFR 361.50(c)(1)). The Federal cost principles require that allowable costs be necessary and reasonable for proper and efficient program performance and administration, as well as be allocable to the program (2 CFR part 225, Appendix A, paragraph C.1). To be allocable to a program, the cost must be relative to the benefit received (*Id.* at paragraph C.3.). WDVR has failed to comply with 34 CFR 361.12 and 34 CFR 361.50(c)(1) by not having a uniform system for developing fees with vendors. Without the policies in place to set payments for purchased VR services, WDVR cannot be sure that the amounts charged by the vendors are reasonable and

thus allowable and allocable to the VR program in accordance with the Federal cost principles. Without this information, WDVR cannot ensure that the amounts paid for the purchased VR services are a proper expenditure of VR funds. For all of these reasons, WDVR has failed to comply with 34 CFR 361.12, 34 CFR 361.50(c)(1), and the Federal cost principles at 2 CFR part 225.

Corrective Action 5: WDVR must:

- 5.1 submit a written assurance to RSA within 10 days of the final monitoring report that WDVR will comply with 34 CFR 361.12, 34 CFR 361.50(c)(1), and 2 CFR part 225;
- 5.2 establish and maintain written policies to govern the rates of payment for all purchased VR services, as required by 34 CFR 361.50(c)(1); and
- 5.3 submit copies of policies and procedures developed pursuant to this corrective action to RSA to ensure completion of that action.

6. Failure to Monitor Expenditure of OIB Funds

Legal Requirement:

34 CFR 80.40(a) requires that:

Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.

Finding: WDVR is not in compliance with 34 CFR 80.40(a), because it does not monitor the expenditure of the OIB grant that it receives. WDVR enters into a Memorandum of Agreement (MOA) to provide all of the OIB funds it receives from RSA to DHS – Division of Long Term Care (DLTC) services so that agency can provide OIB services. Under section 752(g) of the Act, WDVR may expend the OIB grant to carry out the purposes of the OIB program by providing those funds to other public or private nonprofit agencies or organizations. Here, WDVR provides the OIB funds to DHS to implement the OIB program. The MOA provides: “DHS shall monitor the expenditure of funds under this MOA.” WDVR is not in compliance with section 80.40(a) because, as the grantee, it is WDVR’s responsibility to monitor the grant supported activities and the expenditures made under the grant.

Corrective Action 6: WDVR must:

- 6.1 cease permitting DHS to monitor the expenditure of OIB funds under the MOA with WDVR; and
- 6.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that WDVR will develop policies and procedures for monitoring the expenditure of OIB funds by DHS and the activities supported by the grant and change the MOA to reflect WDVR’s monitoring responsibility.

Technical Assistance

This section of the chapter describes the technical assistance provided by RSA to WDVR during the course of the review. The technical assistance requested by the agency to enable it to carry out the corrective actions identified above is included in Appendix A of this report titled “Agency Response.”

Technical Assistance Provided

To enable the agency to improve its fiscal management processes, RSA provided technical assistance to WDVR during the review process regarding:

- monitoring and providing oversight to contracts, agreements, and MOUs;
- the ability to utilize Title I funds to fund the SRC and SILC Resource plans;
- internal controls necessary to ensure the safeguarding of funds during the obtaining services, approving payment and the final processing of payments;
- proper allocation of expenditures to benefiting grants or cost centers;
- requirements to develop and maintain written policies to govern the rates of payment for all purchased vocational services;
- allowable sources for non-federal contributions (e.g. match);
- regulations governing contributions from private parties;
- requirements of the Cash Management Improvement Act (CMIA) of 1990; and
- development and management of contracts with their Centers for Independent Living (CILs) .

APPENDIX A: AGENCY RESPONSE

Part I: Responses to Observations, Recommendations, Compliance Findings or Corrective Actions and Technical Assistance Needs

Executive Summary: Challenges; Performance Outcome

RSA observed the following as an Agency Performance Challenge:

Data reviewed during the course of monitoring demonstrated that WDVR has experienced difficulty in keeping individuals engaged in the VR process, as indicated by the significant numbers who exited the program at the time of application and once eligibility was determined, but prior to the development of an IPE. This may be due in part to the lack of benefits analysis provided by the agency to its consumers that would better enable individuals to understand the affect of work on the receipt of public benefits and to make informed choices regarding competitive employment.

Agency Response: WDVR acknowledges the difficulty it experienced in keeping individuals engaged in the VR process during the monitoring period. However, WDVR believes that the provision of benefits analysis services is not the basis for the significant numbers who exited the program after eligibility determination but prior to the development of an IPE.

WDVR found a significant correlation between the amount of time an eligible applicant spent on the WDVR wait list during the monitoring period and the rate of exiting prior to IPE development. During the monitoring period, applicants with the most significant disabilities were waitlisted for a full year, those with significant disabilities were waitlisted for 2 years and those with non-significant disabilities were waitlisted for periods in excess of 3 years. In FFYs 2004 and 2005, WDVR experienced its longest OOS wait time for applicants determined eligible for services. WDVR also experienced great difficulty in keeping individuals engaged in the VR process as indicated by the significant numbers who exited the program at the time of application after learning they would be wait listed, or after eligibility and being waitlisted periods in excess of a year. When WDVR began to invite eligible applicants who had waited for a year or longer from its wait list in FFY 2006, the disengagement impact was evident in our plan development rate which ranged from a low of 20% to an average of 57%.

After eliminating the wait for new applicants with the most significant disabilities and shortening the wait time to a few months for new applicants with significant disabilities, the plan development rate consistently averaged over 70%. When ARRA funding was used to add staffing capacity and to shorten the wait list time, WDVR was able to achieve plan development averages over 90%.

WDVR believes that extended time on the Order of Selection (OOS) wait list has a profound effect on the success of keeping individuals engaged in the VR process. The WDVR engagement success correlation is demonstrably related to the length of time an eligible applicant spends on the OOS wait list.

Chapter 1: VR/SE Program Performance Observations and Recommendations

1. Performance Outcomes

Recommendations: RSA recommends that WDVR:

- 1.1 focus VR counseling and guidance on determining which strategies may allow the consumer to benefit from VR services in terms of employability;
- 1.2 invest more time and resources in assessment, benefits analysis, and job readiness of individuals with disabilities to identify strengths, abilities, aptitudes and interests;
- 1.3 expand its use of benefits analysis to allow individuals with disabilities to make informed decisions on employment options;
- 1.4 develop a screening tool to assess job-readiness that is applied to all consumers currently determined job-ready;
- 1.5 develop methods to reduce attrition for individuals closed at application; and
- 1.6 identify reengagement interventions for consumers determined to be no longer job-ready, i.e. benefits analysis, on-the-job training, on-the-job evaluations, further training or career exploration

Agency Response: WDVR has commenced several strategic initiatives to increase employment outcomes and decrease non-rehabilitation closures after plan approval. WDVR has also developed two new VR services for FY 2012 to increase employment outcomes: 1) Employment Readiness Assessment and, 2) Work Incentive Benefits Planning and follow up. These new services are described in the technical specifications published on the WDVR public website.

WDVR disagrees with the use of a “median” as a performance indicator in Table 1.11 relating to the number of hours worked per week for competitive employment outcomes. VR agencies are required to report average (mean), not median, hours of employment. The RSA published Annual Review Report (ARR) available from FFY 2005 compares the “average” hours of work for Wisconsin against peer agencies. The table below offers this comparison from the published RSA ARR data:

Agency	2004	2005	2006	2007	2008
WDVR	NA	29.41	28.82	29.63	29.33
All Combined Agencies	NA	32.77	32.69	32.61	32.46

Across large data element bases, averages (means) are a stronger statistical measure than medians. When averages are examined, WDVR’s performance does not vary as greatly from our peers. WDVR underperforms our peers by an average of less than 3 hours per week as compared to the 8-10 hour per week variance when a median is the comparative measure. RSA recognizes that throughout the monitoring review period, WDVR was under an order of selection and that the agency had a disproportionate share of SSI and SSDI consumers and a more challenging employment caseload. Despite these challenges, WDVR will continue to work to increase both the weekly hours for our employed consumers as well as the weekly earnings.

Technical Assistance: WDVR does not request technical assistance on this recommendation.

2. Performance Planning

Recommendation 2: RSA recommends that WDVR:

- 2.1 develop appropriate management tools to evaluate the agency's performance;
- 2.2 use the management tools that strategically plan to improve performance on key performance measures; and
- 2.3 communicate and implement this performance measurement information to staff and stakeholders.

Agency Response: WDVR has developed a variety of customized reports that are used by management and field staff to track program and fiscal outcomes on a monthly, quarterly and annual basis. Sharing performance data with staff has allowed area teams to better focus on key measures and outcomes. WDVR believes our efforts to use performance evaluation tracking tools and communicate performance information to staff has resulted in improved performance across several performance measures including attainment of the rehabilitation rate standard. WDVR will make several reports available to stakeholders and the public during FY 2012.

Technical Assistance: WDVR does not request technical assistance on this recommendation.

3. Determination of Functional Limitations for Purposes of OOS

Recommendation 3: RSA recommends that WDVR:

- 3.1 consider use of medical, psychiatric, neuropsychological and psychological consultation services prior to eligibility determination to better prepare and train counselors in assessing functional limitations and understanding the VR implications across the range of disabilities;
- 3.2 better define its criteria for assignment to OOS categories and expand its rating criteria for the seven functional areas; test for inter-rater reliability; and
- 3.3 provide staff with training on the functional assessment tool using actual case studies.

Agency Response: WDVR continues to use medical, psychiatric, neuropsychological and psychological consultation services when existing information is insufficient to determine functional limitations or eligibility. WDVR has designed training on functional assessment using actual case studies to assist counselors in determining OOS and will complete this OOS training during FFY 2012. The WDVR Policy Academy and Quality Assurance Unit, in consultation with other states, are developing additional OOS assignment tools and related training, including updated definitions and improved criteria for assessing functional limitations. OOS training incorporates inter-rater reliability exercises. Case consultations and reviews by the WDVR Quality Assurance Unit, managers, and local service delivery teams also provide mechanisms for OOS category assignment reliability checks. WDVR is also updating its IPE

training to include additional steps for use of comprehensive assessments prior to development of an IPE to improve both the quality of the employment plan and the IPE outcome measures.

To better prepare counselors in assessing functional limitations across a range of disabilities, the WDVR provides training in conducting disability specific functional assessments. Training modes include staff meeting presentations, supporting staff attendance at conferences and external training programs on disability specific topics, use of on-line training resources, and annual TACE sponsored Medical Aspects of Disability seminars. WDVR is working with TACE V to provide an online, on-demand training in Medical Aspects of Disability. Through various educational modalities, tenured and new counselors receive training and resource materials regarding functional limitations and disability implications relative to the WDVR order of selection rating process.

Technical Assistance: WDVR does not request RSA technical assistance on this recommendation but will continue to access TACE V training resources.

4. CRP Performance Measures

Recommendation 4: RSA recommends that WDVR:

- 4.1 enhance its quality assurance system to include monitoring the performance of its CRP's;
- 4.2 develop and implement assessment criteria for providers linked to performance measures;
- 4.3 develop and implement an ongoing monitoring system to assess the quantity and quality of the services delivered and the outcomes achieved by providers; and
- 4.4 use the monitoring information to improve the quality of services provided by CRPs by identifying ongoing training and technical assistance needs of CRP staff.

Agency Response: WDVR accepts these recommendations and has developed Community Rehabilitation Provider (CRP) monitoring tools to measure performance outcomes and to improve the quality of services provided by CRPs. Outcome performance measures for CRP placement vendors include the percentage of employment attachments with insurance benefits, average weekly hours and earnings, and the time between CRP service authorization and the employment start date. WDVR has recently developed a case-management tool to solicit real time customer service satisfaction during the provision of CRP-delivered services. WDVR staff request VR customer input on the quality and timeliness of services. Post-closure DVR consumer surveys seek overall CRP service satisfaction input. Real-time and post-delivered service data are aggregated by CRP provider. In addition to monitoring outcome measures and consumer satisfaction, CRP-delivered products such as an evaluation or benefits analysis report or a placement plan must satisfy quality standards as defined in WDVR's published technical specifications. CRP service patterns and trends are tracked and used to monitor and improve the quality of services provided, as well as to identify CRP training and technical assistance needs.

Technical Assistance: WDVR requests technical assistance from the RSA and TACE V to assist in the provision of CRP training and technical assistance as identified by the CRP service patterns and trends.

Chapter 2: WDVR Independent Living Program

Recommendation 1: RSA recommends that WDVR:

- 1.1 identify and participate in training that will teach staff how to develop and implement contracts with partners; and
- 1.2 learn and establish monitoring activities that may be incorporated in contracts.

Agency Response: WDVR accepts these recommendations and is developing processes to address the needed measures for Independent Living Program contract development, implementation and monitoring.

Technical Assistance: WDVR requests technical assistance from RSA to review and provide feedback to the adequacy of our processes for Independent Living Program contract development, implementation and monitoring activities and, as needed, to provide technical assistance or training to improve our processes.

Chapter 3: WDVR Independent Living Services Program For Older Individuals Who Are Blind

Recommendation 1: RSA recommends that WDVR:

- 1.1 develop and implement specific policies and procedures for the OIB program focused on eligibility, confidentiality and the services provided under Chapter 2;
- 1.2 provide comprehensive training to OIB staff on newly developed OIB policies and procedures; and
- 1.3 provide comprehensive training to OIB staff regarding how OIB funds differ from Title 1 funds.

Agency Response: WDVR accepts these recommendations and has updated the policy and procedures manual for the OIB program, including policies on eligibility, confidentiality and service delivery. WDVR will conduct joint training with OIB staff on the revised policy and procedures manual as well as the service delivery provisions and differences in the Title 1 and Title VII OIB programs.

Technical Assistance: WDVR does not request technical assistance on this recommendation at this time.

Chapter 4: Fiscal Management of the WDVR Vocational Rehabilitation, Supported Employment, Independent Living, Independent Living Services for Older Individuals who are Blind Programs

1. Fiscal Management Compliance Findings and Corrective Actions

Corrective Action 1: WDVR must:

- 1.1 develop and implement a written agreement with DHS that specifies the responsibilities each party will fulfill to ensure that this transfer of funds arrangement satisfies Federal requirements, including requirements regarding DSU non-delegable duties under 34 CFR 364.4 and 364.22, fiscal and programmatic controls, and monitoring requirements under 34 CFR 80.20(a) and 80.40(a); and
- 1.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that all future agreements with DHS will satisfy Federal requirements; WDVR also must ensure that, in the event SSA reimbursements are not sufficient to meet the required \$600,000 transfer, WDVR will not use VR funds, including VR-generated program income, to supplement the amount; WDVR also must assure that it will administer the VR and IL programs in such a manner that ensures the proper expenditure and accounting of Federal funds, as required by 34 CFR 80.20(a).

Agency Response: WDVR accepts these corrective actions and related findings and will develop and implement with the DHS a written agreement, including the specified assurances, to satisfy the Federal requirements specified in the findings.

Technical Assistance: WDVR requests technical assistance from the RSA to review and provide feedback to the adequacy of our written agreement and assurances with DHS and the fiscal and programmatic controls and monitoring processes therein.

2. Internal Controls and Tracking of Funds

Corrective Action 2: WDVR must:

- 2.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will implement internal controls sufficient to ensure the validity of expenditures under the VR program, as required by 34 CFR 361.12 and 34 CFR 80.20(a)(2); WDVR also must assure that it will monitor all grant-supported activities, as required by 34 CFR 80.40(a); and
- 2.2 develop and implement procedures to ensure that:
 - a. WDVR can verify through supporting documentation that expenditures made directly to consumers were solely for allowable costs, as authorized under the individuals' IPEs;
 - b. fiscal controls permit the tracking of expenditures necessary to ensure that the funds are not used in violation of restrictions and prohibitions of applicable statutes; and

- c. internal controls are in place to ensure that funds are spent solely for allowable costs for eligible consumers, and consistent with the agency's own written policies. These procedures should ensure that VR counselors do not have sole control over the authorization for services, approval for payments, and payment of those services.

Agency Response: WDVR accepts these corrective actions and related finding and is implementing an internal control plan to satisfy the required fiscal control activities and ensure the validity of expenditures. WDVR has clarified its written policies and procedures to require expenditure verification of training grants and other direct consumer payments, and to ensure purchases are properly authorized, executed and accounted for in a manner consistent with federal requirements. Our newly integrated case management and fiscal systems assure the separation of purchasing duties and that VR counselors do not have sole control over the authorization for services, approval for payments and payment of services. The integrated system also facilitates the tracking of expenditures and supporting documentation verification. WDVR has also expanded our efforts to monitor grant-supported activities in accordance with federal regulation.

Technical Assistance: WDVR requests technical assistance from the RSA to review and provide feedback to the adequacy of our efforts to improve internal control processes, grant-supported activities monitoring, and fiscal control procedures for expenditure verification.

3. Assigning Personnel Costs—Staff Working on Multiple Programs

Corrective Action 3: WDVR must:

- 3.1 cease using Title I funds for personnel costs that do not arise under the administration of the VR program and that are not supported by documentation, such as personnel activity reports, pursuant to 2 CFR part 225, Appendix B, 8.h.4 and 8.h.5;
- 3.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with 2 CFR part 225, Appendix B, 8.h.4 and 8.h.5 by requiring staff who work on multiple programs to submit personnel activity reports to support the time spent on each program. WDVR also must assure that it will use Title I funds only for allowable VR expenses, including personnel costs arising under the VR program, and that personnel costs arising under the IL-part B and OIB programs will be charged to those programs as appropriate; and
- 3.3 submit a plan, including timelines, describing the corrective actions that will be taken to ensure:
 - a. personnel activity reports are maintained to support the allocation of an equitable portion of personnel costs for individuals, not charged indirectly, who work on more than one federal grant program or cost objective; and,
 - b. personnel and administrative costs are allocated equitably, either directly or indirectly, to each program administered by WDVR (excluding the SE program under Title VI-B, which can legally be charged to the VR program).

Agency Response: WDVR accepts these corrective actions and related findings and is designing and implementing a compliant personnel reporting and cost allocation plan for WDVR personnel working on multiple programs.

Technical Assistance: WDVR requests technical assistance from the RSA to review and provide feedback and, as needed, guidance to assure the adequacy of our corrective action plan and efforts relative to this finding.

4. Periodic Certification—Staff Working Solely on One Program

Corrective Action 4: WDVR must:

- 4.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with staff certification requirements set forth at 2 CFR part 225, Appendix B, 8.h.3; and
- 4.2 develop procedures that ensure, at a minimum, semi-annual certifications are completed for all employees working solely on one federal grant program, or cost objective, as required by 2 CFR part 225, Appendix B, 8.h.3.

Agency Response: WDVR accepts these corrective actions and the related finding and is developing a procedure to complete semi-annual certifications for staff working solely on one federal grant program or cost objective. Semi-annual personnel activity certifications will be documented effective October 1, 2011 for FY 2012.

Technical Assistance: WDVR requests technical assistance from the RSA to review and provide feedback on the WDVR employee certification procedure.

5. Policies to Govern the Rates of Payment for all Purchased VR Services

Corrective Action 5: WDVR must:

- 5.1 submit a written assurance to RSA within 10 days of the final monitoring report that WDVR will comply with 34 CFR 361.12, 34 CFR 361.50(c)(1), and 2 CFR part 225;
- 5.2 establish and maintain written policies to govern the rates of payment for all purchased VR services, as required by 34 CFR 361.50(c)(1); and
- 5.3 submit copies of policies and procedures developed pursuant to this corrective action to RSA to ensure completion of that action.

Agency Response: WDVR accepts these corrective actions and the related findings and is updating written policies to govern the rates of payment for all purchased VR services and to assure compliance with applicable federal provisions. The basis for payment rates will include the Wisconsin marketplace rates for VR services and products, and payments based on quality services and products delivered in accordance with the WDVR technical specifications for statewide services. The updated WDVR policies and procedures will be submitted to RSA for review

Technical Assistance: WDVR requests technical assistance from the RSA to review and provide feedback on the updated WDVR policies to govern the rates of payment for purchased VR services.

6. Failure to Monitor Expenditure of OIB Funds

Corrective Action 6: WDVR must:

- 6.1 cease permitting DHS to monitor the expenditure of OIB funds under the MOA with WDVR; and
- 6.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that WDVR will develop policies and procedures for monitoring the expenditure of OIB funds by DHS and the activities supported by the grant and change the MOA to reflect WDVR's monitoring responsibility.

Agency Response: WDVR accepts these corrective actions and the related finding and will develop policies and procedures for WDVR monitoring of the expenditure of OIB funds by DHS as well as the activities supported by the grant. The Memorandum of Agreement with DHS will be modified to reflect WDVR's monitoring responsibility.

Technical Assistance: WDVR requests technical assistance from the RSA to review and provide feedback on the updated MOA and WDVR's policies and procedures for fiscal and programmatic monitoring of the OIB grant.

APPENDIX B: EXPLANATIONS OF DATA TABLES

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

OIB Program Highlights (From RSA 7-OB Form)

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

APPENDIX C: EXPLANATIONS APPLICABLE TO FISCAL PROFILE TABLES 4.1–4.3

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. RSA also reviewed the accuracy of expenditure information previously reported in financial and program reports submitted to RSA.

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. Details related to expenditures that should be classified as administrative costs are found in VR Program regulations at 34 CFR 361.5(b)(2).