

**FISCAL YEAR 2011
MONITORING REPORT
ON THE
GEORGIA DIVISION OF REHABILITATION
SERVICES
VOCATIONAL REHABILITATION
PROGRAM**



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

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SECTION 1: EXECUTIVE SUMMARY

Background

Section 107 of the Rehabilitation Act of 1973, as amended (Rehabilitation 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 Rehabilitation 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 Rehabilitation 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 Rehabilitation Act.

Through its monitoring of the VR and SE programs administered by the Georgia Division of Rehabilitation Services (DRS) in fiscal year (FY) 2011, RSA:

- reviewed the VR agency's progress toward implementing recommendations and resolving findings identified during the prior monitoring cycle (FY 2007 through FY 2010);
- reviewed the VR agency's performance in assisting eligible individuals with disabilities to achieve high-quality employment outcomes;
- recommended strategies to improve performance and required corrective actions in response to compliance findings, when applicable, related to three focus areas, including:
 - organizational structure requirements of the designated state agency (DSA) and the designated state unit (DSU);
 - transition services and employment outcomes for youth with disabilities; and
 - the fiscal integrity of the VR program;
- identified emerging practices related to the three focus areas and other aspects of the VR agency's operations; and
- provided technical assistance to the VR agency to enable it to enhance its performance and to resolve findings of noncompliance.

The nature and scope of this review and the process by which RSA carried out its monitoring activities, including the conduct of an on-site visit from July 11 through July 15, 2011, is described in detail in the FY 2011 Monitoring and Technical Assistance Guide for the Vocational Rehabilitation Program located at: www.ed.gov/rschstat/eval/rehab/107-reports/2011/monitoring-and-technical-assistance-guide.doc or, www.ed.gov/rschstat/eval/rehab/107-reports/2011/monitoring-and-technical-assistance-guide.pdf

Emerging Practices

Through the course of its review, RSA collaborated with DRS, the State Rehabilitation Council (SRC), the Technical Assistance and Continuing Education (TACE) center and other

stakeholders to identify the emerging practices below implemented by the agency to improve the performance and administration of the VR program.

- Georgia's High School/High Tech (HS/HT) is a comprehensive community-based program that provides youth with disabilities the opportunity to participate in academic and career-development experiences while in high school that enable them to successfully meet the workforce demands of the 21st Century.
- Project Search is a model of supported employment currently being utilized within several school systems in Georgia that provides the opportunities for seniors in high school to participate in multiple internships to facilitate the development of skills necessary to acquire future employment and earnings higher than minimum wage.
- JOBS 2000 is a collaborative partnership among DRS, Easter Seals of East Georgia and the Richmond County Special Education Department that provides community-based training and job placement services for high school seniors.
- Preparing for L.I.F.E. (Learning...Involvement...Fun...Employment) is a program developed in partnership by the Georgia Department of Labor (DOL), DRS, and Easter Seals of East Georgia to meet the community's needs and assist young adults with Autism Spectrum Disorders in the transition from school to work.
- The Orientation, Ability and Service Identification Seminar (OASIS) program was developed and implemented by DRS and DOL Workforce Investment staff to provide integrated services for persons who are seeking employment and consists of a series of assessments to assist the customer with gathering information about training, service opportunities and the identification of employment goals.

A more complete description of these practices can be found in Section 3 of this report.

Summary of Observations

RSA's review of DRS did not result in the identification of observations and recommendations related to the focus areas.

Summary of Compliance Findings

RSA's review resulted in the identification of the compliance findings specified below. The complete findings and the corrective actions that DRS must undertake to bring itself into compliance with pertinent legal requirements are contained in Section 6 of this report.

- DRS is not in compliance with the organizational requirement that 90 percent of the staff of the DSU work full-time on VR or other rehabilitation related services.
- DRS is not in compliance with federal requirements because personnel costs are not allocated appropriately to each program using accurate personnel activity reports and personnel costs attributable to the independent living (IL) program are charged to the VR award.
- DRS is not in compliance with federal requirements because it neither minimized the time elapsing between the transfer of funds from the U.S. Department of Education for its

VR grant funds and DRS payout of funds for federal assistance program purposes, nor did it limit the transfer of funds to the amount required to meet the DRS actual and immediate cash needs.

Development of the Technical Assistance Plan

RSA will collaborate closely with DRS and the Region IV TACE center to develop a plan to address the technical assistance needs identified by DRS in Appendix A of this report. RSA, DRS and the Region IV TACE center will conduct a teleconference within 30 days following the publication of this report to discuss the details of the technical assistance needs, identify and assign specific responsibilities for implementing technical assistance and establish initial timeframes for the provision of the assistance. RSA, DRS and the Region IV TACE center will participate in teleconferences at least semi-annually to gauge progress and revise the plan as necessary.

Review Team Participants

Members of the RSA review team included Jim Doyle and Tonya Stellar (Vocational Rehabilitation Program Unit); Adrienne Grierson (Fiscal Unit); Joe Pepin (Data Collection and Analysis Unit); and Terrence Martin (Technical Assistance Unit). Although not all team members participated in the on-site visit, each contributed to the gathering and analysis of information, along with the development of this report.

Acknowledgements

RSA wishes to express appreciation to the representatives of DRS for the cooperation and assistance extended throughout the monitoring process. RSA also appreciates the participation of the SRC, the Client Assistance Program and advocates, and other stakeholders in the monitoring process.

SECTION 2: PERFORMANCE ANALYSIS

This analysis is based on a review of the programmatic data contained in Table 2.1 below and is intended to serve as a broad overview of the VR program administered by DRS. It should not be construed as a definitive or exhaustive review of all available agency VR program data. As such, the analysis does not necessarily capture all possible trends. In addition, the data in Table 2.1 measure performance based on individuals who exited the VR program during FY 2006 through FY 2010. Consequently, the table and accompanying analysis do not provide information derived from DRS open service records including that related to current applicants, individuals who have been determined eligible and those who are receiving services. DRS may wish to conduct its own analysis, incorporating internal open caseload data, to substantiate or confirm any trends identified in the analysis.

Performance Analysis

VR Program Analysis

**Table 2.1
DRS Program Performance Data for FY 2006 through FY 2010**

Georgia Department of Labor - Division of Rehabilitation Services		FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	Change from FY 2006 to FY 2010	All Combined Agencies 2010
TOTAL CASES CLOSED	Number	12,188	12,289	12,042	13,022	12,555	367	281,286
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	3.0%	100.0%
Exited as an applicant	Number	2,023	1,824	2,021	2,300	2,534	511	47,487
	Percent	16.6%	14.8%	16.8%	17.7%	20.2%	25.3%	16.9%
Exited during or after trial work experience/extended employment	Number	31	31	31	43	28	-3	1,708
	Percent	0.3%	0.3%	0.3%	0.3%	0.2%	-9.7%	0.6%
TOTAL NOT DETERMINED ELIGIBLE	Number	2,054	1,855	2,052	2,343	2,562	508	49,195
	Percent	16.9%	15.1%	17.0%	18.0%	20.4%	24.7%	17.5%
Exited without employment outcome after signed Individualized Plan for Employment	Number	53	75	32	65	39	-14	5,824
	Percent	0.4%	0.6%	0.3%	0.5%	0.3%	-26.4%	2.1%
Exited from order of selection waiting list	Number	0	1	2	2	1	1	1,390
	Percent	0.0%	0.0%	0.0%	0.0%	0.0%		0.5%
Exited without employment after eligibility	Number	2,176	2,575	2,494	3,285	2,806	630	68,696
	Percent	17.9%	21.0%	20.7%	25.2%	22.3%	29.0%	24.4%

TOTAL EXITED AFTER ELIGIBILITY, BUT PRIOR TO RECEIVING SERVICES	Number	2,229	2,651	2,528	3,352	2,846	617	75,910
	Percent	18.3%	21.6%	21.0%	25.7%	22.7%	27.7%	27.0%
Exited with employment	Number	4,591	4,545	4,668	4,302	4,463	-128	78,860
	Percent	37.7%	37.0%	38.8%	33.0%	35.5%	-2.8%	28.0%
Exited without employment	Number	3,314	3,238	2,794	3,025	2,684	-630	77,321
	Percent	27.2%	26.3%	23.2%	23.2%	21.4%	-19.0%	27.5%
TOTAL RECEIVING SERVICES	Number	7,905	7,783	7,462	7,327	7,147	-758	156,181
	Percent	64.9%	63.3%	62.0%	56.3%	56.9%	-9.6%	55.5%
EMPLOYMENT RATE		58.08%	58.40%	62.56%	58.71%	62.45%		50.49%
Transition aged youth closed	Number	5,394	5,628	5,615	5,611	5,416	22	100,116
	Percent	44.3%	45.8%	46.6%	43.1%	43.1%	0.4%	35.6%
Transition aged youth employment outcomes	Number	2,182	2,218	2,252	1,991	1,975	-207	27,745
	Percent	47.5%	48.8%	48.2%	46.3%	44.3%	-9.5%	35.2%
Competitive employment outcomes	Number	4,279	4,355	4,490	4,044	4,254	-25	73,995
	Percent	93.2%	95.8%	96.2%	94.0%	95.3%	-0.6%	93.8%
Supported employment outcomes	Number	640	590	649	541	578	-62	7,004
	Percent	13.9%	13.0%	13.9%	12.6%	13.0%	-9.7%	8.9%
Average hourly wage for competitive employment outcomes	Average	\$8.65	\$8.74	\$9.12	\$9.40	\$9.45		\$11.33
Average hours worked for competitive employment outcomes	Average	34.6	34.3	34.8	33.9	33.6		31.4
Competitive employment outcomes at 35 or more hours per week	Number	2,835	2,808	3,003	2,491	2,588	-247	38,784
	Percent	61.8%	61.8%	64.3%	57.9%	58.0%	-8.7%	49.2%
Employment outcomes meeting substantial gainful activity	Number	3,202	3,013	3,260	2,856	3,034	-168	48,900
	Percent	69.7%	66.3%	69.8%	66.4%	68.0%	-5.2%	62.0%
Employment outcomes with employer-provided medical insurance	Number	1,314	1,293	1,248	1,096	1,024	-290	18,791
	Percent	28.6%	28.4%	26.7%	25.5%	22.9%	-22.1%	23.8%

VR Performance Trends

Positive Trends

From FY 2006 through FY 2010, the number of individuals who exited the VR program without an employment outcome after receiving services declined 19 percent, from 3,314 to 2,684. In FY 2010, this figure represented 21.4 percent of all cases closed by DRS, a decrease from 27.2 percent in FY 2006. The agency's performance in this area surpassed that of all combined agencies in FY 2010, when 27.5 percent of the individuals served by those agencies did not achieve employment. As a result of this improved performance, the agency's rehabilitation rate (of all individuals who exited the VR program after receiving services, the percentage who achieved an employment outcome) increased from 58.1 percent in FY 2006, to 62.5 percent in FY 2010, above the performance of all combined agencies of 50.5 percent that year.

The total number and percentage of individuals who achieved an employment outcome remained consistent during the review period, ranging from 4,591 individuals, or 37.7 percent, to 4,463, or 35.5 percent, in comparison to the performance of all combined agencies of 28 percent in FY 2010. During this same period, the percentage of individuals who achieved competitive employment increased from 93.2 percent to 95.3 percent, above the figure for all combined agencies of 93.8 percent. Also in FY 2010, 13 percent of the agency's total employment outcomes were achieved by individuals in supported employment (employment outcomes with supports) and 44.3 percent were achieved by transition-age youth, compared to the performance of combined agencies of 8.9 percent and 35.2 percent, respectively.

Additionally, of the individuals who achieved an employment outcome in FY 2010, 58 percent were competitively employed and worked an average of 35 or more hours per week, compared to the national performance of 49.2 percent for combined agencies. The average number of hours worked per week by those who achieved competitive employment equaled 33.6 hours in FY 2010, compared to the national average of 31.4 hours per week for those individuals served by all combined agencies. Finally, 68 percent achieved employment and earned wages meeting or exceeding the level of substantial gainful activity that year, compared to 62 percent for all combined agencies.

Trends Indicating potential risk to the performance of the VR program

From FY 2006 through FY 2010, the total number of individuals who exited from the system after being determined eligible for services, but before the development of an individualized plan for employment (IPE), increased 27.7 percent, from 2,229 to 2,846. During this same period, the number of individuals who exited the system after submitting an application, but before being determined eligible, increased 24.7 percent, from 2,054 to 2,562.

In addition, the average hourly wage earned by individuals whom DRS assisted to achieve competitive employment did not keep pace with the performance of all combined agencies in this area. From FY 2006 through FY 2010, the average hourly wages earned by individuals whom the agency assisted to achieve competitive employment increased \$.80 per hour, from \$8.65 per

hour to \$9.45 per hour. At the same time, those individuals assisted by all combined agencies to achieve competitive employment earned an average of \$11.33 in FY 2010, representing an increase of \$1.14 during the review period. Also, of the individuals who achieved competitive employment after receiving services, DRS experienced a 22.1 percent decrease in the number of individuals who received employer-provided medical insurance, from 1,314 individuals (28.6 percent) in FY 2006, to 1,024 individuals (22.9 percent) in FY 2010.

Throughout the course of the review, RSA discussed with DRS management the agency's performance trends described above. To better address the increase in the number of individuals exiting the system prior to receiving services, the agency may wish to conduct analyses to determine the reasons that individuals exited the system at the various stages in the VR process. Also, DRS may wish to examine possible causes for the agency's decline in performance on measures related to the quality of employment outcomes and implement strategies to reverse these trends.

SECTION 3: EMERGING PRACTICES

While conducting the monitoring of the VR program, the review team collaborated with DRS, the SRC, the TACE, and agency stakeholders to identify emerging practices in the following areas:

- strategic planning;
- program evaluation and quality assurance practices;
- human resource development;
- transition;
- the partnership between the VR agency and SRC;
- the improvement of employment outcomes, including supported employment and self-employment;
- VR agency organizational structure; and
- outreach to unserved and underserved individuals.

RSA considers emerging practices to be operational activities or initiatives that contribute to successful outcomes or enhance VR agency performance capabilities. Emerging practices are those that have been successfully implemented and demonstrate the potential for replication by other VR agencies. Typically, emerging practices have not been evaluated as rigorously as "promising," "effective," "evidence-based," or "best" practices, but still offer ideas that work in specific situations.

As a result of its monitoring activities, RSA identified the emerging practices below.

Transition

- **High School/High Tech:** Georgia's High School/High Tech (HS/HT) is a comprehensive community-based program that provides youth with disabilities an opportunity to participate in academic and career-development experiences while in high school to enhance their ability to successfully meet the workforce demands of the 21st century. The program was designed to reduce the dropout rate of students with disabilities, increase their enrollment in postsecondary education and training and improve their participation in education, vocational and employment related activities. Georgia has implemented programming utilizing the Office of Disability Employment Policy's (ODEP) evidence-based "Guideposts for Success." Services provided through Georgia's HS/HT are geared towards postsecondary education or employment and include tours to postsecondary education sites, industry site visits, presentations by motivational speakers, job shadowing, leadership opportunities, participation in college fairs and career days, assistive technology services, and summer youth work initiatives. As of March 31, 2011, Georgia's HS/HT program served 497 students with disabilities enrolled at 38 high schools in 15 counties across the state through collaborative partnerships among the agency, families, educators, colleges, universities, and technical colleges.

- **Project Search:** Project Search is a model of supported employment currently implemented within several school systems in Georgia. The program is designed such that high school seniors with significant disabilities are served by the Department of Education, DRS, and the Department of Behavioral Health and Developmental Disabilities. The expectation of Project Search is that students will experience opportunities and obtain employment and wages that have not typically been available to students with developmental disabilities. To this achieve this goal, during their last year of high school students participate in a series of unpaid internships to facilitate the development of skills necessary to acquire future employment and earnings higher than minimum wage. DRS has established 14 sites since FY 2009, and employment sites vary by county including hospitals, banks and offices. DRS is currently exploring potential employment sites at Army and Air Force bases, Shaw Industries and other businesses. Of the individuals who began Project Search during the FY 2010-2011 school year, 45 out of 85 achieved employment as of May 2011.
- **JOBS 2000:** DRS, Easter Seals of East Georgia and the Richmond County Special Education Department engage in a collaborative partnership to assist youth with disabilities to transition from school to work. The collaboration provides for a teacher and teacher's aide from the school; work adjustment training funded by DRS, and case management, work training and physical facilities provided by Easter Seals of East Georgia. Students with disabilities are eligible for the program when they are seniors in high school, meet the VR program eligibility requirements and have completed all courses required for graduation, with the exception of senior English and Math. Through the program, over one semester students receive classroom instruction during the morning and work training in the afternoon. The program provides community-based training for no more than 15 hours per week and job placement services are provided after the program is completed. During the FY 2010-2011 school year, nine students between the ages of 17 and 21 participated in the program.
- **Preparing for L.I.F.E (Learning...Involvement...Fun...Employment):** This is a 16-week pilot program implemented in July 2010, through the collaboration between the Georgia Department of Labor, DRS and Easter Seals of East Georgia. This program was developed in response to community needs and serves young adults with Autism Spectrum Disorders to transition from school to work and provides individuals with opportunities for vocational and academic experiences, personal and social adjustment training, transportation planning, community involvement, job placement and coaching, and recreational activities. Eligible individuals referred to Easter Seals of East Georgia by DRS participated in training activities and workshops covering topics such as the transition process, rights and responsibilities, employment skills, preparation for and the handling of emergencies, and social skills instruction. The pilot project was attended by 36 individuals in two counties. DRS reported that it will evaluate the program during the fall of 2011, and that it already has a waiting list of interested individuals for the next 16-week session.

Collaboration with WIA Partners

- **Orientation, Ability and Service Identification Seminar (OASIS):** The OASIS is a program developed and implemented by DRS and DOL Workforce Investment staff who provide integrated services for persons who are seeking employment. In order to participate in OASIS programming, an individual must be a VR applicant or eligible for VR services. Individuals who apply for VR services are invited to participate in an orientation to the workforce development career centers and vocational rehabilitation. Local DRS and DOL Workforce Investment staff provide a series of assessments to individuals every Tuesday including self-directed searches and inventories that are designed to assist the customer with gathering information about training and service opportunities, as well as the identification of employment goals. After completing the battery of assessments, individuals may choose to pursue more intensive, traditional VR services, including job search and development services, or go directly into more streamlined job search and placement activities.

A complete description of the practices described above can be found on the RSA website at <http://rsa.ed.gov/emerging-practices.cfm>.

SECTION 4: RESULTS OF PRIOR MONITORING ACTIVITIES

During its review of the VR and SE programs in FY 2011, RSA assessed progress toward the achievement of goals and implementation of strategies identified during the prior monitoring cycle in FY 2007. The additional technical assistance requested by the agency to enable it to implement these prior goals and strategies is contained in Appendix A of this report titled “Agency Response.”

Recommendations

In response to RSA’s monitoring report dated October 10, 2007, DRS, which in FY 2007 was known as the Georgia DOL VR Program (GADOLVR), agreed to implement the goals and strategies below.

Goal 1: GADOLVR will increase counselor caseload size, as appropriate.

Strategy 1: GADOLVR will analyze VR counselor caseloads and staff allocations and will reallocate positions, as appropriate, to achieve an efficient and effective service delivery system.

Status: The agency conducted an extensive analysis of caseload size across the state in FY 2009 to assess caseload size variance, and established a goal for caseload size of between 130 to 150 cases commensurate with service delivery and development of quality employment outcomes. Caseload sizes may vary based on geographic areas and disability specific caseloads such as those for sensory disabilities. It is anticipated that the new case management system will be implemented by April 2012, and will improve efficiency and effectiveness. The current average caseload of 117 will be increased to meet the caseload size goal at that time.

Goal 2: GADOLVR will increase efforts to recruit, train and retrain qualified staff.

Strategy 1: GADOLRS and GADOLVR will collaboratively work with the Georgia Department of Labor to improve the recruitment and selection processes and increase their efficiency. GADOLVR will conduct an historical analysis (based on a sample of previously vacant GADOLVR positions) covering the recruitment and selection process, including the amount of time taken by the Georgia Department of Labor and GADOLVR to complete their respective steps in the processes, and will recommend changes to process based on the results of the analysis.

Strategy 2: GADOLVR will intensify recruitment efforts for Spanish-speaking VR counselors.

Strategy 3: GADOLVR will encourage Historically Black Colleges and Universities to develop degree programs for VR counselors, and will conduct special recruitment efforts focusing upon minority students, including students with disabilities.

Strategy 4: GADOLVR will create a State VR Sensory Unit that will be lead by Directors of Deafness and Blindness and a Coordinator of Deaf/Blindness to provide leadership, quality assurance and technical assistance to VR program field staff and community partners.

Strategy 5: GADOLVR will establish and fill specialized deaf, blind, and deaf-blind VR counselor and AWT positions.

Strategy 6: GADOLVR will establish a VR counselor position that will coordinate services with each Veteran's hospital in Georgia.

Strategy 7: GADOLVR will conduct an analysis that assesses the need to establish and fill a TBI services coordinator position.

Strategy 8: GADOLVR will provide quality training statewide that is job specific and targeted to address deficiencies identified in quality assurance reviews, federal performance indicator results and training needs assessments.

Strategy 9: GADOLVR will provide specialized staff training and resources to improve service for individuals with limited English proficiency, including those who use sign language.

Strategy 10: GADOLVR will provide multicultural training to increase sensitivity, awareness and celebrate diversity.

Strategy 11: GADOLVR will provide specialized sensory disability training for new specialized staff positions as well as existing staff positions.

Strategy 12: GADOLVR will provide specialized training opportunities for staff members to increase their knowledge and expertise in the latest trends, technology, and techniques to improve services for clients with TBI and spinal cord injuries.

Status: To address the 12 strategies described to achieve Goal 2, DRS:

- conducted an analysis of internal processes and procedures related to filling staff vacancies in FY 2008, and the implementation of measures to reduce the time between initial job posting and vacancy fulfillment in FY 2009;
- conducted an analysis of staff capacity to meet the needs of individuals whose primary language is Spanish in FY 2008, and engaged in ongoing recruitment efforts to increase this capacity. The agency increased the number of Hispanic consumers served by 35 percent from FY 2007 to FY 2010;
- established statewide sensory regions in FY 2009, with a director of deaf services and a director of blind services as well as a coordinator of deaf-blind services to provide leadership, quality assurance and technical assistance in sensory services, and dedicated of managers and VR counselors to the provision of services to individuals who are blind, deaf, hard of hearing, or deaf/blind. These dedicated staff members increased collaboration with regional networks of service providers, research programs and advocacy groups to enhance services for these populations;

- increased the ongoing efforts in FY 2007, to enhance collaboration and coordinate services with Veterans Administration hospitals in Georgia;
- developed and implemented a comprehensive on-boarding system in FY 2010, which includes required curriculum for all new hires in all five field positions, and agency orientation for all new hires. The agency provided training to all staff specific to job responsibilities which incorporated emphasis on diversity and cultural awareness; and
- participated annually from FY 2007 through FY 2010 in regional training programs on service delivery and autism, traumatic brain injury, and mental health.

Goal 3: GADOLVR will implement and carryout effective outreach efforts that lead to increases in the number of individuals served.

Strategy 1: GADOLVR will develop and expand relationships with advocacy groups and coalitions to identify and implement specific ways to improve services and outreach to potential consumers from disability groups that have historically been underserved.

Strategy 2: GADOLVR will perform outreach activities with potential referral sources such as physicians, hospitals, and other service providers for deaf, blind, deaf-blind, TBI, and individuals with spinal cord injuries.

Strategy 3: GADOLVR will coordinate services with the Georgia Department of Labor's Local Veteran Employment Representatives and the Disabled Veteran Outreach Program Specialist.

Strategy 4: GADOLVR will increase the overall number of transitioning youth served, by focusing recruitment efforts on 504 students through outreach with parents, school nurses, school counselors, teachers and administrators.

Status: The agency expanded its efforts during the review period to provide information and increase access of individuals traditionally underserved, and to educate referral sources about VR services. It formed partnerships and collaborations to improve a continuum of services to meet the needs of people with significant disabilities.

Goal 4: GADOLVR will increase employment outcomes for disability groups that have historically achieved low employment outcome numbers.

Strategy 1: GADOLVR will augment services for individuals who are blind, deaf or deaf-blind resulting in a 5 percent increase to employment outcomes for these disability groups.

Strategy 2: GADOLVR will augment services to transition students with disabilities resulting in a 5 percent increase in employment for this disability group.

Status: The agency established statewide sensory regions and leadership, and reinstated caseloads devoted to specific sensory populations in FY 2009. It continued to work closely with the Georgia Department of Education to improve outcomes for transition-age youths. The agency collaborated with a variety of partners during FY 2010, to create a pilot that uses a

customized approach to secure employment for youth with significant disabilities that will be implemented in 2012.

Goal 5: GADOLVR will work within existing Georgia Department of Labor and state law parameters to strengthen its field services program through increases in resources.

Strategy: GADOLVR will analyze budget allocations and explore all available funding sources to determine how field services funds may be increased for the purpose of increasing the number of individuals with disabilities served.

Status: The agency analyzed budget processes and policies and implemented a quality assurance project, from FY 2009 to FY 2010, to improve monitoring expenditures and the effective use of resources. It is continuing to restructure staff to achieve further cost efficiencies and serve more clients by 2012.

Goal 6: GADOLVR will develop a plan that outlines steps to prevent and correct data and information reporting errors.

Strategy: GADOLVR will work with its programmers to improve its management information systems, and will develop data entry review processes for managers that will help correct and prevent coding and information errors.

Status: The agency received technical assistance from RSA to develop and implement a plan to ensure data accuracy and to reduce reporting errors in FY 2009.

SECTION 5: FOCUS AREAS

A. Organizational Structure Requirements of the Designated State Agency and Designated State Unit

The purpose of this focus area was to assess the compliance of DRS with the federal requirements related to its organization within the Georgia DOL and the ability of the DRS to perform its non-delegable functions, including the determination of eligibility, the provision of VR services, the development of VR service policies, and the expenditure of funds. Specifically, RSA engaged in a review of:

- compliance with statutory and regulatory provisions governing the organization of the Georgia DOL and DRS under 34 CFR 361.13(b);
- processes and practices related to the promulgation of VR program policies and procedures;
- the manner in which DRS exercises responsibility over the expenditure and allocation of VR program funds, including procurement processes related to the development of contracts and agreements;
- procedures and practices related to the management of personnel, including the hiring, supervision and evaluation of staff; and
- the manner in which DRS participates in the state's workforce investment system.

In the course of implementing this focus area, RSA consulted with the following agency staff and stakeholders:

- Georgia DOL and DRS directors and senior managers;
- Georgia DOL and DRS staff members responsible for the fiscal management of the VR program;
- SRC Chairpersons and members;
- Members of the Independent Commission;
- Client Assistance Program staff members; and
- TACE center representatives.

In support of this focus area, RSA reviewed the following documents:

- a diagram illustrating the DSU's position in relation to the DSA, its relationship and position to other agencies that fall under the DSA, and the direction of supervisory reporting between agencies;
- a diagram identifying all programs from all funding sources that fall under the administrative purview of the DSU, illustrating the number of full-time equivalent (FTE) staff working on each program;
- the number of FTE in each program, identifying the specific programs on which they work and the individuals to whom they report, specifically including:
 - individuals who spend 100 percent of their time working on the rehabilitation work of DRS;

- individuals who work on rehabilitation work of the DRS and one or more additional programs/cost objectives (e.g., one-stop career centers); and
- individuals under DRS that do not work on rehabilitation projects of the DSU.
- sample memoranda of understanding (MOUs) and/or cost allocation plans with one-stop career centers; and
- documents describing the Georgia procurement requirements and processes.

Overview

DRS, the designated state unit (DSU) for the administration of VR and SE programs, is located within the Georgia DOL. DOL, the designated state agency (DSA), is directed by a commissioner. DOL consists of four divisions including Workforce Solutions, Legal and Policy, Operations, and DRS. All divisions, including DRS, report directly to the commissioner's office and are located at a comparable level.

Since March 2011, DRS has been overseen by an interim director. The other three DOL divisions are administered by deputy commissioners. Previously, DRS was directed by an assistant commissioner, who reported to a deputy commissioner. DOL has undergone significant changes to its organizational structure since the appointment of the current commissioner in early 2011. Significant among these changes were the transfer of Disability Adjudication from DRS to the Legal and Policy Division, and the appointment of an Interim Director of DRS. Other decisions, including the appointment or elimination of positions such as the assistant commissioner or deputy director positions within DRS, are still under consideration, as is the permanent appointment of a deputy commissioner.

DRS administers four units including Vocational Rehabilitation Services (VRS), Roosevelt Warm Springs Institute for Rehabilitation (RWSIR), Georgia Institute for the Blind (GIB) and Business Enterprise Program (BEP). At the time of this review, DRS reported a total of 1,398 full-time equivalent (FTE) positions. Of the total FTEs, 681 are assigned to VRS, 19 to BEP, 488 to RWSIR, 191 to GIB, and 19 to DRS's administrative office. Each of the four program directors reports directly to the DRS interim director.

RSA's review of the organizational structure of the DRS did not result in the identification of observations and recommendations.

The compliance finding identified by RSA through the implementation of this focus area is contained in Section 6 of this report.

Technical Assistance

RSA provided technical assistance to DRS related to organizational structure requirements of the DSA and DSU during the course of its monitoring activities while on-site in Georgia. Specifically, RSA provided an explanation of the requirement that 90 percent of DRS's staff must work full-time on the provision of VR or other rehabilitation services. In addition, RSA also provided guidance on the requirement for DRS to have the organizational status comparable to the other three divisions under the Georgia DOL. Finally, RSA provided DRS guidance on

the requirements for DRS to maintain authority over fiscal decisions, including the allocation and expenditure of its funds, and review and approval of its semiannual financial reports (SF-425).

B. Transition Services and Employment Outcomes for Youth with Disabilities

The purpose of this focus area was to assess DRS's performance related to the provision of transition services to, and the employment outcomes achieved by, youth with disabilities and to determine compliance with pertinent federal statutory and regulatory requirements.

Section 7(37) of the Rehabilitation Act defines "transition services" as a coordinated set of activities for a student, designed within an outcome-oriented process, that promotes movement from school to post-school activities, including post-secondary education, vocational training, integrated employment (including supported employment), continuing and adult education, adult services, independent living, or community participation. The coordinated set of activities shall be based upon the individual student's needs, taking into account the student's preferences and interests, and shall include instruction, community experiences, the development of employment and other post-school adult living objectives, and when appropriate, acquisition of daily living skills and functional vocational evaluation.

In the course of implementing this focus area, RSA identified and assessed the variety of transition services provided in the state, including community-based work experiences and other in-school activities, and post-secondary education and training, as well as the strategies used to provide these services. RSA utilized five-year trend data to assess the degree to which youth with disabilities achieved quality employment with competitive wages. In addition, RSA gathered information related to the coordination of state and local resources through required agreements developed pursuant to the Individuals with Disabilities Education Improvement Act of 2004 (IDEA) and the Rehabilitation Act, and communities of practice. RSA also gathered information regarding emerging practices initiated by the VR agency in the area of services to youth with disabilities, as well as technical assistance and continuing education needs of VR agency staff.

To implement this focus area, RSA reviewed:

- formal interagency agreements between the VR agency and the state educational agency (SEA);
- transition service policies and procedures;
- VR agency resources and collaborative efforts with other federal, state and local entities; and
- interagency transfer agreements with LEAs.

In support of its monitoring activities, RSA reviewed the following documents:

- the agreement between the VR agency and the state education agency (SEA);
- sample agreements between the VR agency and local education agencies (LEA), if applicable;
- samples of signed and implemented third-party cooperative agreements;
- samples of other cooperative agreements, if applicable; and
- VR policies and procedures for the provision of transition services.

To assess the performance related to the provision of transition services and the outcomes achieved by youth with disabilities, RSA reviewed DRS relevant data from FY 2006 through FY 2010, describing:

- the number and percentage of transition-age youth who exited the VR program at various stages of the process;
- the amount of time these individuals were engaged in the various stages of the VR process, including eligibility determination, development of the IPE and the provision of services;
- the number and percentage of transition-age youth receiving services, including assessment, university and vocational training, rehabilitation technology and job placement; and
- the quantity, quality and types of employment outcomes achieved by transition-age youth.

RSA also compared the performance of DRS with peer agencies during the same period, as well as with national averages for other combined VR agencies.

As part of its review activities, RSA met with the following DSA and DSU staff and stakeholders to discuss the provision of services to youth with disabilities:

- the DRS administrator/director;
- DRS VR counselors and transition staff;
- RWSIR administrators and staff;
- DRS transition coordinators serving as liaisons with the SEA and other agencies;
- state and local school personnel, including special education teachers and guidance counselors;
- youth with disabilities receiving or applying for VR services; and
- parents and guardians of youth with disabilities receiving, or applying for VR services.

RSA's review of transition services and employment outcomes achieved by youth with disabilities did not result in the identification of observations and recommendations. In addition, the implementation of this focus area did not result in the identification of compliance findings.

Technical Assistance

The RSA review team provided technical assistance to DRS in the area of transition services and employment outcomes for youth with disabilities during the course of its monitoring activities.

Specifically, RSA provided an analysis of services provided, highlighting the smaller percentages of youth served by DRS, whose cases were closed in FY 2010 and who received assessment services, college, university, occupational or vocational training and job search services, when compared to the national average of combined agencies. RSA and DRS discussed the reporting of services provided to youth with disabilities through the RSA-911 and guidance was provided related to coding and reporting all services whether purchased or provided by DRS, to include those services funded or provided by comparable benefits.

RSA also provided technical assistance and guidance related to revisions to the formal interagency agreement between DRS and the SEA covering outreach to youth with disabilities and 504 plans, the acquisition and retainment of assistive technology, reimbursement, and the provision of and updates to high school and psychological assessments. Furthermore, RSA provided DRS with samples of SEA and LEA agreements implemented by other VR and educational agencies.

DRS discussed with RSA its intent to review and possibly revise its policies related to postsecondary education. RSA provided guidance related to the provision of postsecondary education, the need for exceptions related to individual needs and samples of postsecondary education policies and procedures from other VR agencies, to include examples of formulas used by VR agencies to calculate expected family contribution.

Finally, during the course of the review, RSA also provided guidance related to the purchase and development of a case management system, interagency transfers, and supported employment.

C. Fiscal Integrity of the Vocational Rehabilitation Program

The purpose of this focus area was to assess fiscal performance related to the VR program and to determine compliance with pertinent federal statutory and regulatory requirements, including OMB circulars. For purposes of the VR program, fiscal integrity is broadly defined as the proper and effective management of VR program funds to ensure that they are spent solely on allowable expenditures and activities. Through the implementation of this focus area, RSA reviewed: VR agency resource management; the management of match and maintenance of effort (MOE); internal and external monitoring and oversight; and allowable and allocable costs.

RSA used a variety of resources and documents in the course of this monitoring, including data maintained on RSA's MIS generated from reports submitted by the VR agency, e.g., Financial Status Report (SF-269/SF-425) and the Annual VR Program/Cost Report (RSA-2). The review covered fiscal data from FY 2006 thru FY 2010, along with other fiscal reports as necessary, to identify areas for improvement and potential areas of noncompliance.

Specifically, RSA engaged in the review of the following to ensure compliance with federal requirements:

- the FY 2007 monitoring report issued pursuant to Section 107 of the Rehabilitation Act (see Section 4 above for a report of the agency's progress toward implementation of goals and strategies);

- A-133 audit findings and corrective actions;
- state/agency allotment/budget documents and annual fiscal reports; and
- grant award, match, MOE, and program income documentation.

In addition RSA reviewed the following as part of the monitoring process to ensure compliance:

- service provider contracts;
- VR agency policies, procedures, and forms (e.g., monitoring, personnel certifications and personnel activity reports), as needed;
- internal agency fiscal reports and other fiscal supporting documentation, as needed; and
- VR agency cost benefit analysis reports.

RSA's review of the fiscal integrity of the VR Program administered by DRS did not result in the identification of observations and recommendations.

The compliance findings identified by RSA through the implementation of this focus area are contained in Section 6 of this report.

Technical Assistance

RSA provided technical assistance to DRS related to the fiscal integrity of the VR program while on-site in Georgia. Specifically, RSA provided guidance on the appropriate allocation of personnel cost for staff working on multiple programs under DRS, including the appropriate documentation needed. RSA provided information related to maintenance of effort (MOE) requirements at 34 CFR 361.62(b) and federal requirements and guidance related to construction. In addition, RSA provided information and guidance on the Cash Management Improvement Act and requirements of 34 CFR 80.21(b) and 31 CFR 205.33, which require grantees to minimize the time elapsing between transfer of funds and disbursement by the grantee. RSA provided technical assistance to the DSA accounting manager on cash draw downs. Finally, RSA provided information to DSA accounting staff on the method of returning monies to RSA after the end of the grant liquidation period.

SECTION 6: COMPLIANCE FINDINGS AND CORRECTIVE ACTIONS

RSA identified the following compliance findings and corrective actions that DRS is required to undertake. The technical assistance requested by the agency to enable it to carry out the corrective actions is contained in Appendix A to this report titled “Agency Response.” The full text of the legal requirements pertaining to each finding is contained in Appendix B.

DRS 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 DRS to develop the plan and undertake the corrective actions.

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

1. Percentage of DSU Staff Working Full-Time on the VR Program and other Rehabilitation Services

Legal Requirements:

- Rehabilitation Act - Section 101(a)(2)(B)(ii)(III)
- VR Program Regulations - 34 CFR 361.13(b)(1)(iii)
- Preamble to 1997 VR program regulations at 62 Fed. Reg. 6308, 6316 (Feb. 11, 1997)

Finding:

DRS is not in compliance with the organizational requirement that 90 percent of the staff of the DSU work full-time on VR or other rehabilitation services.

DRS, the DSU for VR services in Georgia, consists of four units that report directly to the director of DRS, including Vocational Rehabilitation Services, Roosevelt Warm Springs Institute for Rehabilitation (RWSIR), Business Enterprise for the Blind, and Georgia Industries for the Blind (GIB). Each of these units can be characterized as providing or supporting the mission of VR or other rehabilitation services, with the exception of those staff working for GIB.

At the time of the review, DRS employed 1,398 full-time staff, of which, 778 staff are characterized by the agency as “VR services only,” 171 staff are characterized as “VR and other rehabilitation services,” and 258 staff are characterized as “other rehabilitation services” for a total of 1,207 staff, or 86 percent, assigned to VR and other rehabilitation services. An additional 191 staff are employed full-time at the GIB. Staff assigned to other rehabilitation work would include medical personnel at RWSRC, staff assigned to the Work Incentives

Planning and Assistance (WIPA) Project, independent living services, and the directors, managers, administrators, and support staff assigned to one or more of these programs.

The GIB was first established in 1937, through Georgia Legislature House Bill No. 114 as Georgia’s “Factory for the Blind” and began its operation in 1949. Current Georgia statute states GIB shall be “under the direction and supervision of the Department of Labor” (§30-2-3 (a)). GIB currently consists of 191 employees in the following categories: 17 full-time administrative and support staff and 174 production staff assigned to plants in Albany, Bainbridge and Griffin, along with the service contracts with Warner Robins, with an average hourly wage of \$9.51.

In FY 2010, approximately four percent of the GIB’s total budget was acquired through state funds with the remainder coming through generated income. The GIB reported that it does not use Title I funds. According to DRS, the GIB will not receive any state funds starting in state FY 2012 and must rely solely on generated income. Production at the GIB includes pillows, safety vests and flags, binders, card guides, file folders, laundry bags, customized packaging of flatware, and customized printing. In FY 2010, approximately 80 percent of all work was generated from federal contracts, with the remaining work coming from local and state contracts resulting in \$12,467,661 in total annual revenues.

Table 6.1 below shows the total number and percent of staff employed in each of the major program areas of DRS.

**Table 6.1
DRS Total Number of Filled Positions as of June 26, 2011**

Program	Total Filled FTES	% to Program
GA Industries for the Blind	191	13.7%
VR and Other Rehabilitation Programs	1,207	86.3%
RWSIR	488	N/A
BEP	19	N/A
Vocational Rehabilitation Services*	700	N/A
Total	1,398	100.00%

* Includes independent living, WIPA, and other administrative and support staff.

As the above table shows, 13.7 percent of the total FTEs for the DSU work for the GIB under its director, who in turn reports to the VR administrator.

While the work of the DSU can encompass activities that extend beyond VR and other rehabilitation, as described above, the Rehabilitation Act and the VR implementing regulations prescribe that "all or substantially all staff " of the DSU must devote their full-time to the rehabilitation work of the unit, i.e., VR or vocational and other rehabilitation work of the unit. The VR regulations at 34 CFR 361.13(b)(1)(iii) require that at least 90 percent of the DSU’s staff must be employed full-time on the VR program or vocational and other rehabilitation work of the DSU, meaning that no more than 10 percent of the DSU staff can devote any portion of their time to other programs and activities carried out by the DSU.

The provision of the Rehabilitation Act that at least 90 percent of the designated state unit staff shall work full-time on the rehabilitation work of the organizational unit means that if the

organizational unit provides other rehabilitation services, in addition to VR, the 90 percent staffing requirement applies to all unit staff providing rehabilitation services, not to just the VR staff. According to the Preamble to the 1997 VR program regulations “the Secretary believes that this requirement is consistent with the statutory requirement in Section 101(a)(2)(A)(iii) of the Rehabilitation Act that “substantially all” of the DSU’s staff shall work on rehabilitation and with RSA’s longstanding interpretation of “substantially all” to mean 90 percent.” (62 Fed. Reg. 6308, 6316 (Feb. 11, 1997))

Therefore, as only 86 percent of DRS staff work full-time on VR or other rehabilitation services, DRS is not in compliance with the 90 percent staff organizational requirement found in the federal statutes or regulations governing the VR program organizational structure.

Corrective Action 1: DRS must:

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

2. Assigning Personnel Cost

Legal Requirements:

- VR Program Regulations - 34 CFR 361.3, .5(b)(2)(xi) and .12
- EDGAR - 34 CFR 80.20(a)
- OMB Circulars - 2 CFR 225, Appendix A, paragraphs C.1 and 3.a; 2 CFR 225, Appendix B, paragraphs 8.h.4 and 8.h.5

Finding:

DRS is not in compliance with 2 CFR 225, Appendix B, paragraphs 8.h.4 and 8.h.5, because personnel costs are not allocated appropriately to each program using accurate personnel activity reports. In addition, DRS is not in compliance with 2 CFR 225, Appendix A, paragraphs C.1 and 3.a, because personnel costs attributable to the IL program are charged to the VR award. As a result, the VR program bears a disproportionate share of the personnel costs that arise under other programs administered by DRS, which include the IL program established under Title VII, Part B, of the Rehabilitation Act. Given this, DRS is not in compliance with 34 CFR 361.12 and 34 CFR 80.20(a), which require the agency to administer the VR program in such a manner that ensures the proper expenditure and accounting of VR funds.

During its on-site review, RSA reviewed DRS personnel accounting records to ensure compliance with federal regulations regarding the assignment of personnel costs for staff who

work on multiple programs. In particular, RSA noted that the salaries of the interim director of DRS and that of the VR state budget officer are paid entirely using Title I VR program funds. The job duties of the interim director include the oversight of four programs, two of which are associated with the VR program. The VR budget officer supervises staff that work on both VR contracts and IL contracts.

Staff of DRS are required to complete and submit a bi-weekly record of their time, which documents the hours spent on each cost objective. DRS related and demonstrated to RSA that the Georgia DOL personnel management system is a mainframe system, which requires significant manual input from staff in order to properly record the allocation of their time among cost objectives (awards). When staff are hired, a default time allocation is established for them based on their position and title. When staff work on cost objectives that are different from the default settings, staff must create and record an exception in the personnel system. Although staff completed and had the bi-weekly time records certified, the records, as certified, were incorrect.

RSA's review of a sample of personnel cost records also revealed that the salaries of two other staff members who spent a portion of their time working on the IL program were also paid entirely with Title I VR program funds.

Regulations at 34 CFR 361.3 require that VR funds must be used solely for the provision of VR services or for the administration of the VR program. To constitute an administrative cost under the VR program, the expenditure must be incurred in the performance of administrative functions of the VR program. Administrative salaries, including staff who work under the VR program, constitute a VR-related administrative cost (34 CFR 361.5(b)(2)(xi)). Non-VR related personnel costs, such as those related to the interim director's oversight of GIB, the State Budget Officer's supervision of staff who administer IL part B contracts, and staff working solely on the IL program, do not constitute VR administrative costs because they do not arise from the performance of administrative functions for the VR program. Therefore, these non-VR related personnel expenditures are not allowable under the VR program, pursuant to 34 CFR 361.3, and may not be paid for with VR funds.

Although the funding for the VR program represents the greatest share of DRS funding, the practice of assigning personnel costs to the VR program because of limited funding in other programs is not in accordance with cost principles outlined in 2 CFR 225. In order to ensure the proper administration of the programs and accountability of funds, DRS must be able to document the time its staff spend on the VR, IL and other programs. 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 225, Appendix B, paragraph 8.h.4 requires DRS employees who split their time on multiple programs to document the time spent working on each program via personnel activity reports. These reports must reflect an after-the-fact documentation of the actual time spent on each program (*Id.* at 8.h.5). Without such supporting documentation, DRS cannot ensure that the personnel costs were allocated appropriately to the proper programs.

Corrective Action 2: DRS must:

- 2.1 cease using Title I VR funds for personnel costs that are not allowable under the VR program and do not have supporting documentation as required under 2 CFR 225, Appendix B, paragraphs 8.h.4 and 8.h.5;
- 2.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that VR funds will be used solely for allowable VR expenditures, namely those arising from the provision of allowable VR services and the administration of the VR program, as required by 34 CFR 361.3; that DRS will administer the VR program in a manner that is consistent with the requirements set forth at 34 CFR 361.12, 34 CFR 80.20(a), and the federal cost principles set forth at 2 CFR 225; and that DRS review all positions paid in full or in part with VR funds to ensure compliance with personnel documentation requirements, as set forth in 2 CFR 225; and
- 2.3 submit a plan, including timelines, describing the corrective actions that will be taken to ensure:
 - a) accurate 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 proportionally, either directly or indirectly, to each program administered by DRS in accordance with program requirements.

3. Drawdown and Cash Management

Legal Requirements:

- EDGAR - 34 CFR 80.20(a), 80.21(b) and (i), and 80.50(d)(2)
- Department of Treasury Regulations - 31 CFR 205.33

Finding:

DRS is not in compliance with 34 CFR 80.21(b) and 31 CFR 205.33, because it neither minimized the time elapsing between the transfer of funds from the US Department of Education (Department) for its VR grant funds and DRS's payout of funds for federal assistance program purposes nor did it limit the transfer of funds to the amount required to meet DRS's actual and immediate cash needs.

RSA reviewed documents submitted related to the drawdown and expenditure of VR funds. The listing of expenditures provided by the accounting manager from the Georgia DOL, who effects the draw downs of DRS's federal funds, showed expenditures of a lesser amount than the amount drawn from the Department's G5 system for FY 2009 and FY 2010.

Furthermore, DRS is not in compliance with 34 CFR 80.50(d)(2) because it did not immediately refund unobligated VR funds for FY 2009 that it had drawn down to the Department at the closeout of the grant period. By not complying with these requirements, DRS also did not satisfy

the regulations at 34 CFR 80.20(a) that require the state to have fiscal controls and accounting procedures in place to ensure the proper expenditure and accounting of federal funds.

The financial reports of DRS show that, under the VR program, DRS drew down more grant funds than it expended. The Department’s drawdown reports do not indicate that DRS returned any of the unused funds to the U.S. Treasury. Furthermore, after the conclusion of the on-site review, staff from the DOL contacted RSA requesting information on how to return FY 2009 federal funds to the Department.

In FY 2009 and FY 2010, DRS drew down more VR funds than it reported expending on the program. Further, when the draw downs are compared with expenditures on a quarter-to-quarter basis, the amount drawn down is as much as four times greater than expenditures for those periods.

The tables below compare the amounts of the quarterly draw downs, compiled from the Department’s G5 system, with the quarterly federal funds draw downs reported in DRS’s financial reports. DRS, through DOL staff, did not provide sufficient documentation, such as the daily expenditure reports requested, to demonstrate that the draw downs may have represented timing differences for valid VR expenditures.

Table 6.2
DRS Monthly Drawdowns Compared to Reported Expenditures for FY 2009

Date	Draw Downs Per G5 Net of Returns	Federal Expenditures Reported per Latest SF-269	Difference between Funds Drawn and Funds Reported as Expended
12/31/2008	\$10,300,622	\$15,139,852	\$4,839,230
03/31/2009	\$34,157,671	\$26,330,982	(\$7,826,689)
06/30/2009	\$42,744,694	\$38,331,536	(\$4,413,158)
09/30/2009	\$65,571,137	\$13,271,395	(\$52,299,742)
12/31/2009	\$57,222,070	\$20,939,130	(\$36,382,940)
03/31/2010	\$44,550,579	\$26,330,932	(\$18,219,647)
06/30/2010	\$49,521,575	\$38,331,536	(\$11,190,039)
09/30/2010	\$55,909,759	\$76,390,067	\$20,480,308
12/31/2010 ¹	\$76,490,241	\$76,379,991	(\$110,250)

¹ Georgia DOL submitted an SF-269 for the quarter ending March 31, 2011, even though the award’s late liquidation period ended on December 31, 2010.

Table 6.3
DRS Monthly Drawdowns Compared to Reported Expenditures for FY 2010

Date	Draw Downs Per G5 Net of Returns	Federal Expenditures Reported per Latest SF-425	Difference between Funds Drawn and Funds Reported as Expended
12/31/2009	\$55,073	\$55,073	\$0
03/31/2010	\$18,747,122	\$15,748,122	(\$2,999,000)
06/30/2010	\$42,508,860	\$39,509,947	(\$2,998,913)
09/30/2010	\$49,922,624	\$12,875,328	(\$37,047,296)
12/31/2010	\$45,712,638	\$20,658,622	(\$25,054,016)
03/31/2011 ²	-	\$23,832,127	
06/30/2011	\$46,740,314	\$45,200,796	(\$1,539,518)

Corrective Action 3: DRS must:

- 3.1 cease drawing down funds that are not equal to immediate cash needs;
- 3.2 submit a final SF-269 for the FY2009 award, in order to determine actual funds drawn down and not spent on program costs or returned to the U.S. Treasury;
- 3.3 submit an assurance to RSA within 10 days after the final report is issued that DRS will:
 - a) submit timely fiscal reports to reflect accurate information regarding draw downs and expenditures, as required by 34 CFR 80.20(a);
 - b) develop methods and procedures for payments to minimize the time elapsing between the drawdown of Federal funds and the disbursement of those funds, as required by 34 CFR 80.21(b) and 31 CFR 205.33;
 - c) only draw down funds required to meet immediate cash needs, as required by 34 CFR 80.21(b) and 31 CFR 205.33; and
 - d) return any fund balance of unobligated (unexpended) cash advanced, as required by 34 CFR 80.50(d)(2); and
- 3.4 submit a copy of the methods and procedures developed to minimize the time elapsing between the drawdown of Federal funds and the disbursement of those funds to demonstrate compliance with this corrective action.

² There were no draw downs recorded in the G5 System for the quarter ending March 31, 2011.

APPENDIX A: AGENCY RESPONSE

Section 4: Results of Prior Monitoring Activities

DRS requested additional technical assistance described below to enable it to carry out the following goals and strategies identified in the FY 2007 monitoring report.

Recommendations

Goal 1. Increase counselor caseload size, as appropriate.

Additional Technical Assistance Requested: DRS did not request technical assistance.

Goal 2. Increase efforts to recruit, train and retain qualified staff.

Additional Technical Assistance Requested: DRS requests technical assistance from the Region IV TACE Center regarding:

- recruitment of vocational rehabilitation counselor staff who speak Spanish; and
- development of vocational rehabilitation counselor positions at Veterans Administration hospitals in Georgia.

Goal 3. Implement and carryout effective outreach efforts that lead to increases in the number of individuals served.

Additional Technical Assistance Requested: DRS requests technical assistance from the Region IV TACE Center regarding:

- enhancement of outreach activities within schools to students with disabilities (Section 504 of the Rehabilitation Act); and
- development of effective mechanisms to enhance coordination of the delivery of services to veterans with local veteran employment representatives and the disabled veteran outreach program specialists.

Goal 4. Increase employment outcomes for disability groups that have achieved low employment outcome numbers.

Additional Technical Assistance Requested: DRS requests technical assistance from the Region IV TACE Center regarding:

- assessment of the pilot customized employment program; and
- implementation of this program statewide based on the assessment results.

Goal 5. Develop a plan that outlines steps to prevent and correct data and information reporting errors.

Additional Technical Assistance Requested: DRS requests technical assistance from the Region IV Southeast Region TACE regarding:

- implementation of the new management information system; and
- development of management information reporting tools.

Section 6: Compliance Findings and Corrective Actions

1. Percentage of DSU Staff Working Full-Time on the VR Program and other Rehabilitation Services

Corrective Action 1: DRS must:

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

Agency Response: Upon further review, Georgia DRS found that the FTE numbers provided to the RSA Monitoring Team during the site visit did not include vacant funded positions and that the FTEs for GIB were not accurately calculated based on actual payroll records of hours. The agency believes that it is more appropriate to compare the total number of FTEs for all funded positions in all programs, both vacant and filled, and that it is important to correctly reflect the FTEs of hourly positions. So, DRS requests that RSA consider the attached updated chart based on the total number of vacant and filled funded positions as of August 25, 2011.

This chart reflects that 90 percent of all staff positions are employed full-time on the rehabilitation work, including both VR and “other rehabilitation,” of the DSU for the VR program, and that the agency is in compliance with the requirements of 34 CFR 361.13(b)(1)(iii). Therefore, the agency requests that RSA delete this finding from the final report and update the information on pages 2, 16, 21, 22 and 23 accordingly.

The DSU appreciates the technical assistance that RSA provided in this area during the review, and the agency will monitor this area for continued compliance.

RSA Response: RSA interprets the pertinent statutory and regulatory provisions to require that at least 90 percent of the actual persons employed by the DSU work full-time on the provision of VR or other rehabilitation services. The Rehabilitation Act specifically states that the DSU must have, “staff **employed** on the rehabilitation work of the organizational unit all or substantially all

of whom are employed full-time on the [vocational rehabilitation, or vocational and other rehabilitation, of individuals with disabilities].” (emphasis added) (section 101(a)(2)(B)(ii)(III)). The applicable regulatory language requires that the DSU, has a staff, “at least 90 percent of whom **are employed** full-time on the rehabilitation work of the organizational unit” (emphasis added) (34 CFR 361.13(b)(1)(iii)). Furthermore, in discussing this requirement, the preambles to both the 1995 NPRM (60 Fed. Reg. 64475, 64481(Dec. 15, 1995)) and the 1997 Final Regs (62 Fed. Reg. 6307, 6316 (Feb. 11, 1997)) refer to “all unit staff **providing rehabilitation services**” (emphasis added).

Therefore, RSA cannot interpret these provisions as permitting a DSU to base compliance with the requirement on the number of FTEs assigned to it, including vacant positions. Unfilled FTEs or vacancies are not actually employed and do not provide services. Instead, vacancies represent potential staff that may or may not be hired by the DSU and who may or may not perform these functions on a full-time basis.

Consequently, RSA maintains the finding as written and DRS must take the steps necessary to resolve the finding.

Technical Assistance: DRS does not request technical assistance.

2. Assigning Personnel Cost

Corrective Action 2: DRS must:

- 2.1 cease using Title I VR funds for personnel costs that are not allowable under the VR program and do not have supporting documentation as required under 2 CFR 225, Appendix B, paragraphs 8.h.4 and 8.h.5;
- 2.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that VR funds will be used solely for allowable VR expenditures, namely those arising from the provision of allowable VR services and the administration of the VR program, as required by 34 CFR 361.3; that DRS will administer the VR program in a manner that is consistent with the requirements set forth at 34 CFR 361.12, 34 CFR 80.20(a), and the federal cost principles set forth at 2 CFR 225; and that DRS review all positions paid in full or in part with VR funds to ensure compliance with personnel documentation requirements, as set forth in 2 CFR 225; and
- 2.2 submit a plan, including timelines, describing the corrective actions that will be taken to ensure:
 - a) accurate 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 proportionally, either directly or indirectly, to each program administered by DRS in accordance with program requirements.

Agency Response: Georgia DRS concurs with the finding and has begun taking the corrective actions specified in the draft report. The agency will develop and implement a plan that includes

training all staff members to ensure compliance with the personnel documentation requirements in 2 CFR 225, Appendix B. While DRS will review all positions as part of the corrective action plan to ensure compliance with personnel documentation requirements, VR took immediate action upon completion of RSA's onsite review to correct and maintain the required documentation and appropriately allocate personnel costs proportionally for the specific positions identified in this finding.

Technical Assistance: DRS does not request technical assistance.

3. Drawdown and Cash Management

Corrective Action 3: DRS must:

- 3.1 cease drawing down funds that are not equal to immediate cash needs;
- 3.2 submit a final SF-269 for the FY 2009 award, in order to determine actual funds drawn down and not spent on program costs or returned to the U.S. Treasury;
- 3.3 submit an assurance to RSA within 10 days after the final report is issued that DRS will:
 - a) submit timely fiscal reports to reflect accurate information regarding draw downs and expenditures, as required by 34 CFR 80.20(a);
 - b) develop methods and procedures for payments to minimize the time elapsing between the drawdown of Federal funds and the disbursement of those funds, as required by 34 CFR 80.21(b) and 31 CFR 205.31; c) only draw down funds required to meet immediate cash needs, as required by 34 CFR 80.21(b) and 31 CFR 205.33; and
 - d) return any fund balance of unobligated (unexpended) cash advanced, as required by 34 CFR 80.50(d)(2); and
- 3.4 submit a copy of the methods and procedures developed to minimize the time elapsing between the drawdown of Federal funds and the disbursement of those funds to demonstrate compliance with this corrective action.

Agency Response: Georgia DRS acknowledges the finding and will submit the written assurance and a corrective action plan to implement the corrective actions required by RSA to comply with federal regulations. The agency has hired a financial consultant to work with DRS and Department of Labor staff responsible for cash draw downs and federal reporting to ensure compliance with federal requirements in 34 CFR 80.20(a), 34 CFR 80.21(b), 31 CFR 205.33 and 205.33, and 34 CFR 80.50(d)(2).

Technical Assistance: DRS does not request technical assistance.

APPENDIX B: LEGAL REQUIREMENTS

This Appendix contains the full text of each legal requirement cited in Section 6 of this report.

The Rehabilitation Act of 1973, as amended

Section 101(a)

(2) Designated state agency; designated state unit

(B) Designated state unit

(ii) if not such an agency, the State agency (or each State agency if 2 are so designated) shall include a vocational rehabilitation bureau, division, or other organizational unit that--

(III) has a staff employed on the rehabilitation work of the organizational unit all or substantially all of whom are employed full-time on such work;

Vocational Rehabilitation Program Regulations

34 CFR 361.3

The Secretary makes payments to a State to assist in--

- (a) The costs of providing vocational rehabilitation services under the State plan; and
- (b) Administrative costs under the State plan.

34 CFR 361.5

(b) Other definitions. The following definitions also apply to this part:

- (2) Administrative costs under the State plan means expenditures incurred in the performance of administrative functions under the vocational rehabilitation program carried out under this part, including expenses related to program planning, development, monitoring, and evaluation, including, but not limited to, expenses for--
- (xi) Administrative salaries, including clerical and other support staff salaries, in support of these administrative functions;

34 CFR 361.12

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 361.13

(b) Designation of State unit.

- (1) If the designated State agency is not of the type specified in paragraph (a)(1)(i) of this section or if the designated State agency specified in paragraph (a)(3) of this section is not primarily concerned with vocational rehabilitation or vocational and other rehabilitation of individuals with disabilities, the State plan must assure that the agency (or each agency if two agencies are designated) includes a vocational rehabilitation bureau, division, or unit that--
- (iii) Has a staff, at least 90 percent of whom are employed full-time on the rehabilitation work of the organizational unit;

Education Department General Administrative Regulations (EDGAR)

34 CFR 80.20

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

34 CFR 80.21

- (b) Basic standard. Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR 205.

- (i) Interest earned on advances. Except for interest earned on advances of funds exempt under the Intergovernmental Cooperation Act (31 U.S.C. 6501 et seq.) and the Indian Self-Determination Act (23 U.S.C. 450), grantees and subgrantees shall promptly, but at least quarterly, remit interest earned on advances to the Federal agency. The grantee or subgrantee may keep interest amounts up to \$100 per year for administrative expenses.

34 CFR 80.50

- (d)(2) The grantee must immediately refund to the Federal agency any balance of unobligated (unencumbered) cash advanced that is not authorized to be retained for use on other grants.

OMB Circulars as cited in the Federal Register

2 CFR 225

Appendix A

C. Basic Guidelines

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
 - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
 - b. Be allocable to Federal awards under the provisions of this Circular.

 - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

- 3.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.

- 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 225

Appendix B

- 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.

US Department of the Treasury

31 CFR 205.33

How are funds transfers processed?

- (a) A State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs. States should exercise sound cash management in funds transfers to subgrantees in accordance with OMB Circular A-102 (For availability, see 5 CFR 1310.3.).
- (b) Neither a State nor the Federal government will incur an interest liability under this part on the transfer of funds for a Federal assistance program subject to this subpart B.

Guidance from the Federal Register

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

“The Secretary does not believe that the proposed requirement that at least 90 percent of the designated State unit staff shall work full-time on the rehabilitation work of the organizational unit is unduly restrictive. This provision means that if the organizational unit provides other rehabilitation services, in addition to vocational rehabilitation, the 90 percent staffing requirement applies to all unit staff providing rehabilitation services, not to just the vocational rehabilitation staff. "Other rehabilitation" includes, but is not limited to, other programs that provide medical, psychological, educational, or social services to individuals with disabilities. Although some commenter's believed the 90 percent staffing requirement sets too restrictive a standard, the Secretary believes that this requirement is consistent with the statutory requirement in section 101(a)(2)(A)(iii) of the Act that “substantially all” of the DSU's staff shall work on rehabilitation and with RSA's longstanding interpretation of “substantially all” to mean 90 percent.”