

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



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

**AUGUST 26, 2011**

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# SECTION 1: EXECUTIVE SUMMARY

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## 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 Illinois 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 warranted, 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 (TA) 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 June 13 through June 17, 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](http://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](http://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.

Transition:

- Transition Planning Committees (TPCs) are comprised of VR staff, school personnel, parents, and other significant community partners. Forty-one TPCs are active throughout Illinois and provide information on programs and services available to assist youth with disabilities to facilitate service coordination and advocate for services.
- The Next Steps Transition Network is a team training and family resource system that educates teams of parents/caregivers, youth and professionals to plan with and advocate for children and youth with disabilities. The eight module training was developed to assist youth and their families in preparing for transitioning from school to work and the community.
- The Illinois Committee on Employees with Disabilities (ICED) Internship Program for Students with Disabilities, established in 2000 in partnership with DRS, continues to expand to include additional state agencies offering professional, technical and nonprofessional student internships and work opportunities.

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

## **Summary of Observations**

RSA's review of DRS resulted in the observations related to the focus areas identified below. The entire observations and the recommendations made by RSA that the agency can undertake to improve its performance are contained in Section 5 of this report.

### **Transition Services and Employment Outcomes for Youth with Disabilities**

- Although DRS serves a greater percentage of youth with disabilities and assists a greater percentage of youth to achieve employment when compared to all other combined agencies, the quality of the employment outcomes achieved has declined and is less than the national average of combined agencies, with the exception of employer-provided benefits. In addition, the percentages of youth with disabilities who participate in college, university, occupational or vocational training have declined and are smaller than the national averages for combined agencies.

## **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 federal requirements because supervisors in the field offices who do not meet DRS's Comprehensive System of Personnel Development (CSPD) standard for qualified vocational rehabilitation (VR) counselors are performing the non-delegable functions for all vacant caseloads and caseloads managed by new counselors within their offices.
- DRS is not in compliance with federal requirements because it does not require the development of an individualized plan for employment (IPE) to provide VR services to youth with disabilities through the Secondary Transitional Experience Program (STEP) and has implemented the practice of providing VR services through STEP contracts as documented in the individualized education program (IEP).
- The agreement between DRS and the Illinois State Board of Education does not contain the minimum requirements of a formal interagency agreement with a state board of education.
- DRS does not report program income received and disbursed through the VR program in a manner consistent with federal regulations, which require all recipients of federal funds to accurately report the financial results of all federally-assisted activities.

## **Development of the Technical Assistance Plan**

RSA will collaborate closely with DRS and the Region V TACE center to develop a plan to address the TA needs identified by DRS in Appendix A of this report. RSA, DRS and Region V TACE will conduct a teleconference within 30 days following the publication of this report to discuss the details of the TA needs, identify and assign specific responsibilities for implementing TA and establish initial timeframes for the provision of the assistance. RSA, DRS and the Region V 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 Tonya Stellar and Jim Doyle (Vocational Rehabilitation Unit); Adrienne Grierson (Fiscal Unit); Joe Pepin (Data Collection and Analysis Unit); and Terry 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 the Illinois Department of Human Services (DHS) and 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.

### VR Program Performance Analysis

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

| Illinois Division of<br>Rehabilitation Services                                |         | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 | Change<br>from FY<br>2006 to FY<br>2010 | All<br>Combined<br>Agencies<br>2010 |
|--|---------|---------|---------|---------|---------|---------|---|-------------------------------------|
| <b>TOTAL CASES CLOSED</b>  | Number  | 17,936  | 17,534  | 18,802  | 17,868  | 15,732  | -2,204                                  | 281,286                             |
|  | Percent | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | -12.3%                                  | 100.0%                              |
| Exited as an applicant   | Number  | 3,891   | 3,822   | 4,233   | 3,577   | 3,086   | -805                                    | 47,487                              |
|  | Percent | 21.7%   | 21.8%   | 22.5%   | 20.0%   | 19.6%   | -20.7%                                  | 16.9%                               |
| Exited during or after trial work<br>experience/extended employment            | Number  | 247     | 134     | 128     | 114     | 108     | -139                                    | 1,708                               |
|  | Percent | 1.4%    | 0.8%    | 0.7%    | 0.6%    | 0.7%    | -56.3%                                  | 0.6%                                |
| <b>TOTAL NOT DETERMINED<br/>ELIGIBLE</b>                                       | Number  | 4,138   | 3,956   | 4,361   | 3,691   | 3,194   | -944                                    | 49,195                              |
|  | Percent | 23.1%   | 22.6%   | 23.2%   | 20.7%   | 20.3%   | -22.8%                                  | 17.5%                               |
| Exited without employment<br>outcome after signed IPE                          | Number  | 82      | 77      | 86      | 74      | 109     | 27                                      | 5,824                               |
|  | Percent | 0.5%    | 0.4%    | 0.5%    | 0.4%    | 0.7%    | 32.9%                                   | 2.1%                                |
| Exited from order of selection<br>waiting list                                 | Number  | 89      | 46      | 60      | 71      | 58      | -31                                     | 1,390                               |
|  | Percent | 0.5%    | 0.3%    | 0.3%    | 0.4%    | 0.4%    | -34.8%                                  | 0.5%                                |
| Exited without employment after<br>eligibility                                 | Number  | 4,501   | 4,108   | 4,833   | 4,712   | 3,432   | -1,069                                  | 68,696                              |
|  | Percent | 25.1%   | 23.4%   | 25.7%   | 26.4%   | 21.8%   | -23.8%                                  | 24.4%                               |
| <b>TOTAL EXITED AFTER<br/>ELIGIBILITY, BUT PRIOR TO<br/>RECEIVING SERVICES</b> | Number  | 4,672   | 4,231   | 4,979   | 4,857   | 3,599   | -1,073                                  | 75,910                              |
|  | Percent | 26.0%   | 24.1%   | 26.5%   | 27.2%   | 22.9%   | -23.0%                                  | 27.0%                               |
| Exited with employment   | Number  | 5,413   | 5,603   | 5,640   | 5,285   | 5,028   | -385                                    | 78,860                              |
|  | Percent | 30.2%   | 32.0%   | 30.0%   | 29.6%   | 32.0%   | -7.1%                                   | 28.0%                               |

|   |                |               |               |               |               |               |              |                |
|---|----------------|---------------|---------------|---------------|---------------|---------------|--------------|----------------|
| <b>Exited without employment</b>                                    | <b>Number</b>  | 3,713         | 3,744         | 3,822         | 4,035         | 3,911         | 198          | 77,321         |
|   | <b>Percent</b> | 20.7%         | 21.4%         | 20.3%         | 22.6%         | 24.9%         | 5.3%         | 27.5%          |
| <b>TOTAL RECEIVING SERVICES</b>                                     | <b>Number</b>  | <b>9,126</b>  | <b>9,347</b>  | <b>9,462</b>  | <b>9,320</b>  | <b>8,939</b>  | <b>-187</b>  | <b>156,181</b> |
|   | <b>Percent</b> | <b>50.9%</b>  | <b>53.3%</b>  | <b>50.3%</b>  | <b>52.2%</b>  | <b>56.8%</b>  | <b>-2.0%</b> | <b>55.5%</b>   |
| <b>EMPLOYMENT RATE</b>  |                | <b>59.31%</b> | <b>59.94%</b> | <b>59.61%</b> | <b>56.71%</b> | <b>56.25%</b> |              | <b>50.49%</b>  |
| <b>Transition-age youth closed</b>                                  | <b>Number</b>  | 8,447         | 8,015         | 9,028         | 8,436         | 7,078         | -1,369       | 100,116        |
|   | <b>Percent</b> | 47.1%         | 45.7%         | 48.0%         | 47.2%         | 45.0%         | -16.2%       | 35.6%          |
| <b>Transition-age youth employment outcomes</b>                     | <b>Number</b>  | 2,307         | 2,421         | 2,420         | 2,329         | 2,190         | -117         | 27,745         |
|   | <b>Percent</b> | 42.6%         | 43.2%         | 42.9%         | 44.1%         | 43.6%         | -5.1%        | 35.2%          |
| <b>Competitive employment outcomes</b>                              | <b>Number</b>  | 5,058         | 5,218         | 5,225         | 4,812         | 4,619         | -439         | 73,995         |
|   | <b>Percent</b> | 93.4%         | 93.1%         | 92.6%         | 91.1%         | 91.9%         | -8.7%        | 93.8%          |
| <b>Supported employment outcomes</b>                                | <b>Number</b>  | 285           | 274           | 337           | 249           | 206           | -79          | 7,004          |
|   | <b>Percent</b> | 5.3%          | 4.9%          | 6.0%          | 4.7%          | 4.1%          | -27.7%       | 8.9%           |
| <b>Average hourly wage for competitive employment outcomes</b>      | <b>Average</b> | \$9.41        | \$9.41        | \$9.83        | \$10.15       | \$10.18       |              | \$11.33        |
| <b>Average hours worked for competitive employment outcomes</b>     | <b>Average</b> | 29.3          | 29.3          | 29.0          | 28.1          | 27.4          |              | 31.4           |
| <b>Competitive employment outcomes at 35 or more hours per week</b> | <b>Number</b>  | 2,234         | 2,241         | 2,151         | 1,787         | 1,574         | -660         | 38,784         |
|   | <b>Percent</b> | 41.3%         | 40.0%         | 38.1%         | 33.8%         | 31.3%         | -29.5%       | 49.2%          |
| <b>Employment outcomes meeting SGA</b>                              | <b>Number</b>  | 2,952         | 2,979         | 2,998         | 2,589         | 2,367         | -585         | 48,900         |
|   | <b>Percent</b> | 54.5%         | 53.2%         | 53.2%         | 49.0%         | 47.1%         | -19.8%       | 62.0%          |
| <b>Employment outcomes with employer-provided medical insurance</b> | <b>Number</b>  | 1,529         | 1,566         | 1,419         | 1,279         | 1,117         | -412         | 18,791         |
|   | <b>Percent</b> | 28.2%         | 27.9%         | 25.2%         | 24.2%         | 22.2%         | -26.9%       | 23.8%          |

## VR Performance Trends

### Positive Trends

From FY 2006 through FY 2010, the overall total number and percentage of individuals who exited the VR program prior to eligibility determination (as an applicant, during or after trial work experiences or extended employment) decreased, with the greatest decline from 4,361 individuals, or 23.2 percent, in FY 2008 to 3,194 individuals, or 20.3 percent, in FY 2010, compared to the national average of 17.5 percent for combined agencies in that year. With a 22.8 percent difference from FY 2006 to FY 2010 for the total percentage of individuals exiting Illinois' VR service delivery system prior to eligibility determination, DRS approached the average percentage for all combined agencies. In addition, DRS decreased the overall number and percentage of individuals exiting the system after eligibility, but prior to receiving services,

by 23 percent from 4,672 individuals, or 26 percent, in FY 2006 to 3,599, or 22.9 percent, in FY 2010, compared to the national average of 27 percent for combined agencies during the same year. The most significant decrease for individuals in this status occurred from FY 2009 (4,857 individuals, or 27.2 percent) to FY 2010.

During the period under review, the overall percentage of individuals who achieved employment increased from 30.2 percent in FY 2006 to 32 percent in FY 2010, which was greater than the percentage for all combined agencies of 28 percent. Additionally, the overall percentage of individuals who exited the VR program without employment remained smaller than the percentage of 27.5 for all combined agencies. Furthermore, DRS maintained a higher rehabilitation rate when compared to that for all combined agencies of 50.49 percent in FY 2010.

### **Trends Indicating Potential Risk to the Performance of the VR Program**

The overall percentage of individuals who did not achieve successful employment increased from 20.7 percent in FY 2006, to 24.9 percent in FY 2010, though this percentage remained below that for all combined agencies as shown above. Likewise, the rehabilitation rate declined from 59.31 percent in FY 2006 to 56.25 percent in FY 2010, while remaining above the percentage for all combined agencies in that year as described above.

The total number of individuals who achieved competitive employment outcomes declined between FY 2008 and FY 2010, from 5,225 to 4,619, while the overall percentage of competitive employment outcomes decreased from 92.6 percent to 91.9 percent during the same period. This percentage remained lower than that for all combined agencies of 93.8 percent. Similarly, the number and percentage of individuals who achieved supported employment decreased between FY 2008 and FY 2010, from 337 (6 percent) to 206 (4.1 percent). In comparison, 8.9 percent of the outcomes achieved by individuals served by all combined agencies were in supported employment during FY 2010.

From FY 2006 to FY 2010, the average hourly wage for individuals who achieved competitive employment increased slightly, from \$9.41 to \$10.18, below the national average hourly wage of \$11.33 for all combined agencies. Of the individuals who achieved competitive employment after receiving services during the same period, DRS experienced a 26.9 percent decrease in the number of individuals who received employer-provided medical insurance, from 1,529 (28.2 percent) in FY 2006 to 1,117 (22.2 percent) in FY 2010, again lower than the percentage of 23.8 for all combined agencies. In addition, the average hours worked per week decreased during the period from 29.3 hours in FY 2006 to 27.4 hours in FY 2010. This figure was less than the national average of 31.4 hours for combined agencies. The percentage of individuals who achieved competitive employment and worked 35 or more hours per week and the percentage of individuals who achieved employment and met the threshold of substantial gainful activity (SGA) also decreased from FY 2006 to FY 2010 and were lower than the national averages for all combined agencies.

Throughout the course of the review, RSA discussed both the agency's positive performance trends and those that posed potential risk to the VR program. DRS indicated its intent to conduct further analyses to determine the factors contributing to its improved performance related to the number and percentage of individuals exiting the VR service delivery system from application, the total number and percentage of individuals not determined eligible, and the total number and percentage of individuals exiting after eligibility prior to receiving services. Identifying independent variables that may have contributed to individuals dropping out at various points in the VR service delivery process may assist the agency to serve more individuals and improve its rehabilitation rate.

DRS attributed the decline in performance to several reasons, including the state of the Illinois economy, a higher than normal level of turnover in VR counselor staff, the state's hiring process that allows the employment of supervisory staff who lack experience in the program, and the continuous need to train newly hired staff. DRS management also discussed their continuing support for services to transition-age youths, but expressed concern for the decline in employment outcomes achieved by these individuals. Importantly, they stated that the agency will continue to analyze data related to the number and quality of employment outcomes achieved by transition-age youths, as well as its overall population of consumers, to determine the causes associated with the agency's declining performance in these areas.

## SECTION 3: EMERGING PRACTICES

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While conducting the monitoring of the VR program, the review team collaborated with DRS, the SRC, the Region V TACE center, 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**

- **Transition Planning Committees (TPCs):** DRS assists with the coordination and implementation of 41 local TPCs comprised of VR staff, parents, school personnel and other community agencies. The TPCs contribute to improving the capacity for delivering effective services in local communities. TPCs provide educational and informational programs on the VR service delivery system, and facilitate the coordination of services. TPCs also assess service needs and develop stakeholder linkages in the community.
- **Next Steps Transition Network:** The mission of the Next Steps Transition Network is to improve the delivery of services to children with disabilities and their families, develop or support productive relationships between families and persons working with children, increase family awareness of disability-related services and resources, and link families experienced with disability issues to families seeking individual assistance. The Network is implemented through the 41 TPCs through which are provided a series of trainings divided into eight four to six week modules addressing transition topics, including school to work, self-employment, guardianship, life after high school, transitioning into the

community, and independent living. Previous participants of the program return to assist teachers, families and DRS in conducting the sessions.

- Partnership with the Illinois Committee on Employees with Disabilities (ICED): The ICED Internship Program for Students with Disabilities was designed to assist the state in recruiting persons with disabilities for professional positions, who have historically faced barriers in obtaining employment. The internship program was established in 2000, and continues to expand to more state agencies to offer professional, technical and nonprofessional internship and student work opportunities. DRS is a mandated partner and the DHS Secretary serves as co-chair of the ICED. The program has two components, one for interns and the other for student workers. In the internship program, placements are made in professional or technical positions at agencies under the jurisdiction of the Governor, or offices of other constitutional officers. Internships are available for placements at anytime during the year, based on agency needs. To be eligible for the internship component, an individual must be a person with a disability and be enrolled in an institution of higher learning or a graduating senior in high school who has been accepted into a fall college or university program. Compensation is provided by the employing agency. The student worker component involves youth with disabilities who are enrolled in college or recently graduated from high school.

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**

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During its review of the VR and SE programs in FY 2011, RSA assessed progress toward the implementation of recommendations that DRS agreed to address during the prior monitoring cycle in FY 2008, and the resolution of findings from that review. The additional TA requested by the agency to enable it to implement these prior recommendations and to resolve any outstanding compliance findings is contained in Appendix A of this report titled “Agency Response.”

### **Recommendations**

In response to RSA’s monitoring report dated December 18, 2008, DRS agreed to implement the recommendations below. A summary of the agency’s progress toward implementation of each recommendation appears below.

#### **1. Employment Outcomes**

**Observation:** From FY 2002 through FY 2007, DRS performance with respect to the quality of employment outcomes has improved, declined, or remained unchanged (depending on the measure) while the quantity of employment outcomes has declined.

**Recommendation 1:** RSA recommends that DRS:

1.1 consider an evaluation to identify the reasons for the decrease in the number of applicants, total individuals served, and employment outcomes. Based on the analysis of data, develop goals and strategies to increase the number of applicants, total individuals served, and employment outcomes;

**Status:** DRS is in the process of assessing factors related to the unsuccessful and successful outcomes of customers with the assistance of the University of Illinois-Chicago (UIC) and expects to complete the detailed analysis by September 2011. UIC has engaged in an analysis of DRS data from the last six consecutive years.

1.2 evaluate the impact of internal placement and the Employment Unit on the quality and quantity of employment outcomes;

**Status:** DRS has not completed its analysis of the impact and quality of employment outcomes by four codes representative of the entities that assisted with placement and anticipates the completion of recommendation 1.2 by Fall 2012. The four codes to be assessed include purchased placement by a community rehabilitation program (CRP), direct placement, assisted placement and direct placement by DRS, and employment resource specialist (ERS) staff.

1.3 develop a system to collect and analyze data comparing the number and quality of employment outcomes achieved through job development and/or placement by CRPs, the ERS, and VR counselors to gain a better understanding of the impact of the Employment Unit on high quality employment outcomes and the strategies that need to be strengthened or developed;

**Status:** DRS chose not to develop a system, as it collects information in its current system on the entities involved in placement as described in recommendation 1.2.

1.4 develop opportunities for the staff of the Employment Unit to meet with field counselors and supervisors on a regular basis to assess the needs in the local communities;

**Status:** DRS completed recommendation 1.4 in FY 2009, when employment unit staff or ERS moved under the administration of the Assistant Bureau Chiefs. Each of the nine ERS serves approximately five field offices.

1.5 develop goals and strategies to better utilize the Employment Unit to develop work opportunities and internship possibilities for transition-age youth, as well as all other individuals served by DRS;

**Status:** DRS did not implement recommendation 1.5.

1.6 assess the utilization of assistive technology (AT) and develop goals and strategies for the Field Service counselors to utilize the AT Unit; and

**Status:** DRS is currently revising the position classification for staff to be hired in its rehabilitation technology unit. Currently, the rehabilitation technology unit employs one staff person and DRS would like to hire four additional rehabilitation technology specialists. At this time, DRS is uncertain when it will be able to fill the necessary positions to increase utilization of the rehabilitation technology unit. DRS currently utilizes the Illinois AT Grant to provide customers with assistive and rehabilitation technology.

1.7 develop goals and strategies for better coordination and communication between the AT Unit and the transition and STEP counselors, to increase the provision of AT to the transition population.

**Status:** DRS did not implement recommendation 1.7, as it is working on staffing the rehabilitation technology unit.

## **2. Case Closure Prior to Service Delivery**

**Observation:** DRS closes a significant percentage of cases prior to the development of the IPE and service delivery.

**Recommendation 2:** RSA recommends that DRS:

- 2.1 examine reasons why a large percentage of cases are closed prior to IPE development, with particular focus on the number of cases closed from application and referral;
- 2.2 examine reasons that the cases of a significant number of transition-age youth are closed after eligibility and prior to the development of the IPE; and
- 2.3 identify strategies to address the factors leading to case closure prior to the development of the IPE and service delivery.

**Status:** DRS reported that it completed recommendations 2.1-2.3 above in FY 2011, through the provision of training to staff regarding services for transition-age youth, specifically the development of IPEs, prior to case closure, and on policies related to case management.

**3. DRS contracting practices with Community Rehabilitation Programs**

**Observation:** There are approximately 95 to 100 CRPs that provide services to DRS customers, such as job placement, job coaching, on the job evaluations (OJE) and on the job trainings (OJT) through cooperative work agreements. DRS implemented a new strategic approach to job placement and is implementing “outcome-based” contracting in coordination with CRPs in order to improve their accountability for quality employment outcomes.

**Recommendation 3:** RSA recommends that DRS:

- 3.1 evaluate and develop strategies, such as the development of a report card system, to improve the performance of the CRPs with which the agency contracts;

**Status:** DRS has migrated to a web-based case management system, WebCM, that has the capacity for community rehabilitation providers (CRPs) to enter specific data into DRS’ case management system related to customers referred by DRS and served by CRPs. DRS will be piloting the system and collection of CRP data with transition providers during fall 2012. The capability for CRPs to enter customer data will better enable DRS to assess not only the quantity, but also the quality of outcomes. DRS anticipates training all providers on the system and implementation of sharing data by fall 2013, after the pilot is completed and evaluated.

- 3.2 review data and other information related to the agency’s current-contracting methods, to determine which method promotes greater performance and accountability among CRPs;

**Status:** DRS reported that it completed recommendation 3.2 in FY 2011, and that it has improved the accuracy of billing, reduced errors and implemented outcome-oriented contracts. DRS communicated that it re-instated the notification of services (NOS) form, which is approved by the field office supervisor, prior to authorizing services and is reviewed by VR field office staff, including the counselor and supervisor, when an invoice is submitted.

3.3 based on this review, streamline and improve the agency's contracting methods so that it can more effectively and efficiently conduct programmatic and fiscal oversight of its contracts; and

**Status:** DRS reported that recommendation 3.3 will be on-going and continuous.

3.4 develop written procedures to reconcile and govern contract payments.

**Status:** DRS reported that recommendation 3.4 will be on-going and continuous. In addition, DRS stated that a rate analysis will be completed by September 30, 2011. DRS is in the process of identifying an entity that will assist with analyzing rates of payment, which was to be completed by June 20, 2011.

#### **4. Supported Employment**

**Observation:** While DRS has begun an evidence-based SE initiative, the agency either under-utilizes SE or under-reports SE outcomes, or both.

**Recommendation 4:** RSA recommends that DRS:

4.1 analyze data to determine the need for SE among individuals with the most significant disabilities in the state, as well as to assess the resources needed to meet the demand;

**Status:** DRS reported it completed recommendation 4.1 in FY 2010, through staff training and policy changes.

4.2 analyze data to compare the quality of the outcomes obtained by participants in SE who receive extended services through natural supports, Medicaid waivers available through the developmental disabilities and mental health systems, and the state-funded extended services program;

**Status:** To address recommendation 4.2, DRS is engaged in a study with UIC that will be completed in September 2011.

4.3 develop goals, including annual and long-term targets, to measure improvement in the number and quality of SE outcomes, and strategies to achieve the goals;

**Status:** DRS did not implement recommendation 4.3.

4.4 develop standards for the level of supports that are appropriate prior to case closure for individuals achieving SE with natural supports;

**Status:** DRS did not implement recommendation 4.4.

4.5 partner with the providers of evidenced-based SE throughout the state to establish methods for evaluating the performance of these providers, including baseline data and targets, to enable DRS to assess the effectiveness of this approach;

**Status:** DRS completed recommendation 4.5 in FY 2011. DRS refers to evidenced-based SE as individual placement and support (IPS) and continues to partner with Dartmouth University which collects data on all persons in IPS to include services provided and employment outcomes achieved. Performance measures are published quarterly.

4.6 provide staff training on the federal regulations governing the provision of SE under Titles I and VI-B to ensure that staff implement the program correctly; and

**Status:** DRS completed recommendation 4.6 during spring 2009. It conducted regional meetings and trainings related to appropriate populations and customers to be served through SE and IPS during spring 2009.

4.7 negotiate new agreements with the divisions for developmental disabilities and mental health, both located within the DHS with DRS that are focused on the achievement of employment and increasing the extended services funding available from these agencies.

**Status:** DRS cannot implement recommendation 4.7 at this time due to budget cuts from the DHS' Division of Developmental Disabilities and Mental Health.

## **5. Transition**

**Observation:** DRS provides VR services to transition-age youth in various ways. DRS provides transition services through its own VR counselors and also collaborates with the school systems to provide enhanced transition services through third-party cooperative arrangements, known as STEP. Although DRS serves a significant number of transition-age youth through its transition programs, the agency's performance with respect to the quantity and quality of employment outcomes achieved has declined, remained unchanged, or improved, depending on the measure used.

**Recommendation 5:** RSA recommends that DRS:

5.1 evaluate the decline in the number of transition-age youth achieving successful employment and competitive employment outcomes;

**Status:** DRS completed recommendation 5.1 during FY 2011.

5.2 develop goals, including annual and long-term targets, to increase the number of transition-age youth achieving competitive employment, the number of hours worked, wages earned, and employer-provided benefits for transition-age youth;

**Status:** DRS will be incorporating transition youth goals into its FY 2012 and 2013 State Plans to improve the quality of transition outcomes. DRS has also implemented an initiative to increase enrollment in community colleges through waiving expected family contributions that are determined based on family income and the number of individuals in the home dependent upon the gross family income with funding through the American Recovery and Investment Act of 2009 (ARRA). DRS anticipates that participation in community college and training will improve the quality of outcomes for youth.

5.3 develop strategies to achieve the goals, such as using the expertise of the Employment Unit to develop internships and employment opportunities;

**Status:** DRS did not implement recommendation 5.3.

5.4 develop a forum for STEP staff to share effective practices in STEP programming;

**Status:** DRS implemented quarterly regional consortium meetings, as well as an annual state transition conference effective fall 2008. The regional consortium meetings and state transition conference are intended for DRS, school personnel, customers and community stakeholders to share effective practices. In addition, each year, additional state agencies have joined the national conference, such as the Departments of Corrections and Justice.

5.5 improve and increase the independent living skills training provided to transition-age youth; and

**Status:** DRS did not implement recommendation 5.5.

5.6 enhance the use of AT assessments in coordination with the school system to determine a student's AT needs prior to transitioning out of high school.

**Status:** DRS did not implement recommendation 5.6. This recommendation was contingent upon having a fully staffed rehabilitation technology unit.

## **6. Communication**

**Observation:** Staff and stakeholders indicated that DRS policy and procedures are not always consistently implemented throughout the agency's field offices. More staff training may improve the implementation of policy and avoid instances when supervisors and counselors misinterpret or misunderstand DRS policy.

**Recommendation 6:** RSA recommends that DRS develop strategies to provide consistent guidance and training to field offices. Such strategies could include the use of the DRS intranet to post policy questions and guidance, and the identification of a lead person to respond to policy questions to improve the consistency in policy interpretation and implementation.

**Status:** DRS completed recommendation 6 in January 2011. DRS instituted a VR policy coordinator position that continues to maintain responsibility for answering all policy inquiries and ensure consistent policy dissemination and interpretation. In addition, DRS developed an intranet function for monthly postings on policies and guidance.

## 7. Planning

**Observation:** Expanding DRS' strategic planning activities will improve their impact on the program.

**Recommendation 7:** RSA recommends that DRS:

7.1 implement a strategic planning process that includes strategies to ensure the plan clearly communicates the agency will pursue to improve its performance and achievement of their goals and priorities;

**Status:** DRS partially completed recommendation 7.1 in FY 2011. It participated in DHS' strategic planning process, which continued only as a data-reporting framework. DRS utilized a stakeholder committee of the SRC to identify new VR program goals. DRS and the stakeholder committee developed a Future Direction Survey that reviewed effective data measures and suggestions for program expansion and innovation.

7.2 present information in the State Plan using a more quantitative approach, with contextual information provided attention to baseline data and data sources, and addressing the differences between interim performance targets and final performance targets. Include in the State Plan measures, targets, and data sources that allow for a determination of success in meeting agency goals and objectives;

**Status:** DRS addressed recommendation 7.2 in FY 2010, through its State Plan goals that were based on actual numbers rather than percent increases and has continued this practice through its current State Plan.

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

**Status:** DRS is addressing recommendation 7.3 and communicated that it is on-going and continuous. DRS has integrated fiscal information into the planning process and has included a stronger emphasis on innovation and expansion activities, as well as identifying new planning options. The planning and fiscal units have worked in partnership on ARRA-supported projects to effectively use fiscal information in setting agency goals.

7.4 develop strategies to further solicit input from stakeholders such as the SRC, the Statewide Independent Living Council (SILC), CRPs, and Client Assistance Program in strategic planning and in developing the VR State Plan;

**Status:** DRS completed recommendation 7.4 in FY 2009, through its implementation of a stakeholder committee that serves to provide input into DRS' planning processes and State Plan development. DRS has increased its efforts to work with stakeholders, including those from the SRC, SILC, CRPs, and Client Assistance Program.

7.5 increase the collection, analysis and use of data to help provide a basis for data-driven decision-making. Increased use of data in decision-making will allow for enhancements in DRS' operations; and

**Status:** DRS reported extensive investment in improving its data system through the development of the online WebCM case management system, which was completed in FY 2010. DRS anticipates that by the end of FY 2011, the WebCM system will enable the inclusion of provider-reported data and the ability to analyze the submitted data.

7.6 extend a focus on data and analysis into program evaluation activities to assess program performance over time and against desired levels of performance.

**Status:** DRS continues to work in collaboration with UIC to conduct a data analysis of the last six years of DRS' program data. The first detailed report on this project was made available June 2011 and a complete analysis will be finalized by September 2011, including a comprehensive overview of variables associated with successful employment outcomes.

## **8. Quality Assurance**

**Observation:** DRS would benefit from an expansion of its Quality Assurance (QA) process. The agency's current QA processes apply primarily to a statewide case review of the VR process and provision of services.

**Recommendation 8:** RSA recommends that DRS:

8.1 expand QA activities to programmatic and fiscal activities beyond case reviews;

**Status:** Recommendations 8.1 (above) and 8.2 (below) are on-going and continuous. DRS continues to develop methods to analyze effective service delivery and quality of outcomes outside the traditional case review process, through computer data system developments and an analysis of fiscal records associated with key program concerns and issues. DRS also conducted an analysis of supported employment services which was utilized to develop new policies. Additionally, QA staff continue to work with contract and fiscal administration to implement program structures for ARRA-supported projects.

8.2 expand QA activities into other areas of the agency's operations. These activities should include CRP performance, contract administration, and the cost effectiveness of agency services; and

8.3 survey and analyze consumer satisfaction/experiences at multiple points in the service delivery process to determine consumer satisfaction and the reasons for the high percentage of case closure from application and eligibility status.

**Status:** DRS continues to conduct an annual survey of customer satisfaction with the VR program using randomly-selected samples of the following populations: persons who achieved employment; persons who did not achieve employment; persons who were determined eligible within the target year; and persons whose IPE was developed in the target year for the Bureaus of Field and Blind Services. Through the annual survey, DRS continues to identify the extent of customer satisfaction and can conduct targeted data analyses.

## **Fiscal Observations**

### **1. Separation of Duties**

**Observation:** DRS does not separate duties to ensure proper handling of the CRP billing.

**Recommendation 1:** RSA recommends that IDRS develop a system of checks and balances for the process of billing for purchased services to ensure that more than one person is involved in ordering the services to be provided and approving the expenditures for those services.

**Status:** DRS completed Fiscal Recommendation 1 in 2009. DRS instituted a system of approvals for payments to CRPs to ensure that one person is not solely initiating the services and approving the expenditures. VR counselors are required to sign and forward a NOS form to the CRP. This document, in addition to the IPE, confirms that the service is on the customer's IPE and that the CRP has been selected to provide the service. When a group billing statement arrives from a CRP the customer's name is checked against the list of approved customers in the NOS file. The group billing statement must be signed by the counselor and by the office supervisor. The group billing statement is forwarded to the DRS central office where an additional review and approval process takes place by the Contract Project Office and staff from the Contract Unit. The DRS Contract Unit performs various systems edits on the group billing statement against the legacy accounting system (Client Payment System) and allocates the costs of the services to the case. Once verified, the group billing statement is entered for payment by the DRS Fiscal Unit, where it is subsequently edited again by the DHS accounting system (Consolidated Accounting and Reporting system). Three separate levels of approval are applied for payment. The bill is then forwarded to the Illinois State Comptroller for actual payment.

### **2. Contract Administration**

**Observation:** A review of the contract format, payment structure, and related program services presented some issues that may affect the cost efficiency of the delivery of services.

**Recommendation 2:** RSA recommends that DRS:

2.1 develop contracts under which CRPs are paid upon the documented delivery of services; and

**Status:** DRS completed Fiscal Recommendation 2.1 in 2009. During the past three years, DRS implemented a performance payment system for nearly all of its CRP contracts. Job placement contracts are currently paid in one of two ways: (1) as a lump sum payment after the customer completes a minimum of 90 days of employment; or (2) through a series of milestone payments based on days of successful employment achieved by the customer, typically on the thirtieth, sixtieth and ninetieth day of work. Supported employment contracts are paid on the basis of hours of support provided to the customer by the CRP. Bills are paid on a monthly basis after the work has been performed on the customer's behalf.

2.2 develop written procedures for any reconciliation of funding arrangements or other cost control measures.

**Status:** DRS completed Fiscal Recommendation 2.2 in FY 2009, as it no longer utilizes a payment system requiring reconciliation at the end of the fiscal year. In response to audit requirements DRS discontinued the system of making estimated payments during the course of the fiscal year, which required extensive effort for reconciliation at the end of the year.

### **3. Third-Party Cooperative Arrangements**

**Observation:** DRS lacks a formalized process for the monitoring of its third-party cooperative arrangements established with local school districts. In addition, the written agreements through which these arrangements are implemented are sometimes inconsistent with respect to the level of payments made by each party for the same services.

**Recommendation 3:** RSA recommends that DRS:

3.1 develop written policies and procedures for monitoring the match earned in the third-party cooperative arrangements, including the review of source documents;

**Status:** DRS completed Fiscal Recommendation 3.1 in FY 2009. DRS developed written policies for monitoring third-party contracts. This includes a review of staff time sheets and detailed financial documentation. A match report is prepared for each third-party contract on a quarterly basis.

3.2 review the adequacy of the number of staff responsible for the statewide financial oversight of the third-party cooperative arrangements, to ensure proper coverage; and

**Status:** DRS completed Fiscal Recommendation 3.2 in FY 2010. DRS reviewed the adequacy of its number of staff responsible for the statewide financial oversight of the third-party cooperative arrangements and believes it has a sufficient number of monitoring staff or Project Officers to complete required work.

3.3 assess payment levels within third-party cooperative agreements and ensure that there is parity in payment when delivered services and target populations are the same.

**Status:** DRS completed Fiscal Recommendation 3.3 in FY 2010. DRS completed its review of the payment system for third-party contracts. Payment levels for third-party contracts are negotiated individually and are based on the services provided and agreed-upon outcome payments. Because of the complexity of the third-party arrangements it is not possible to have a single rate for services common to all providers.

#### **4. Timeliness of Fiscal Reporting**

**Observation:** DRS is not timely in the submission of its financial reports for the VR program, including the SF-269 and the RSA-2.

**Recommendation 4:** RSA recommends that IDRS review its staffing levels and training needs of the responsible staff in the fiscal section to determine if the staffing level is adequate and the staff is proficient in completing financial reports.

**Status:** DRS completed Fiscal Recommendation 4 in FY 2010. DRS reported that it has reviewed its staff assignments and it continues to work on improving the timeliness of fiscal reporting. A dedicated staff person has been targeted to focus on all aspects of federal reporting and audit.

#### **5. Written Policies Governing Rates of Payment**

**Observation:** DRS does not have written policies governing the rates of payment for all VR services.

**Recommendation 5:** DRS should develop and maintain written policies that will govern the rates of payment for all VR services.

**Status:** DRS has not completed the implementation of Fiscal Recommendation 5. DRS is in the process of conducting a systematic review of the rates paid for CRP services to be completed by September 30, 2011. An independent consulting firm will evaluate the cost to CRPs of providing VR services and make recommendations for changes to existing rates. The identification of the consulting firm or entity will be completed by June 2011.

### **Compliance Findings and Corrective Actions**

As the result of the monitoring conducted during FY 2008, DRS developed a corrective action plan (CAP) that included the steps DRS must take to resolve the compliance findings identified in the monitoring report dated December 18, 2008, timelines for the implementation of the steps and the methods by which the agency and RSA would evaluate the agency's progress toward the

resolution of the findings. A summary of DRS's progress toward the resolution of each finding appears below.

Through the implementation of the CAP, DRS successfully resolved compliance findings in the following programmatic and fiscal areas:

- Order of Selection;
- Residency Requirements; and
- Documentation of appropriate assessments in at least 90 percent of its cases per the FY 2004 CAP.

DRS has not successfully resolved compliance findings related to the following areas, and continues to work toward their resolution.

### **1. Third-party Cooperative Arrangements**

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

- A. The document must state that the third-party cooperating agency is providing all or part of the non-federal share and clearly specify the amount.
- B. The document must describe the scope of services offered through the arrangement. Specifically, services provided must be either new services or modified services with a VR focus.
- C. The document must specify that the arrangement is only serving individuals who are applicants or eligible for VR services.
- D. The document must describe in detail the way in which DRS administers supervision over the funds and the staff.
- E. The document must specify that the third-party cooperative arrangement complies with all portions of the State Plan, including the OOS. The document should describe how the third-party arrangement program complies with the OOS.

**Status:** DRS drafted and implemented an addendum in FY 2009 which addressed all of the corrective actions listed above and included the addendum with its FY 2009 and FY 2010 contracts. However, the addendum was not included with the FY 2011 contracts. The FY 2012 contracts are being revised and DRS's Contracts Unit received the approval to integrate the Contracts Addendum with the STEP Contracts in order to incorporate the required language and federal requirements into the revised contracts and alleviate the possibility that the Contract Addendum not be completed, as was the case in FY 2011. DRS will submit the revised contracts to RSA once finalized for review and consideration for the resolution of the FY 2008 compliance finding related to the STEP third-party arrangement contracts by August 2011. DRS also provided RSA with the draft of the FY 2012 Proposed Budget and the STEP on-site review instrument for RSA's information and review.

## **2. State Rehabilitation Council**

**Corrective Action 2:** Illinois must take the steps necessary to fill the vacancies on the SRC. DRS must provide an assurance in connection with the approval of its FY 2009 State Plan to RSA that the SRC will be fully constituted with full membership through gubernatorial appointment.

**Status:** There are currently six member vacancies that affect the composition of the SRC and its compliance with the federal requirements at 34 CFR 361.17. There are currently three vacancies for which nominations have been provided to the Governor's Office including representatives from business, industry and labor; the state board of education; and the Statewide Independent Living Council. Three additional vacancies, for which nominations were to be made by July 15, 2011, include representatives from business, industry and labor; the state workforce investment board (SWIB); and a CRP.

### **Technical Assistance**

During the course of its FY 2011 monitoring activities, RSA provided TA to enable DRS to implement recommendations and resolve findings identified through the FY 2008 review to include the requirements of third-party cooperative arrangements at 34 CFR 361.28 and for SRC appointments, composition, terms of appointments and functions at 34 CFR 361.17.

## SECTION 5: FOCUS AREAS

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### A. Organizational Structure Requirements of the Designated State Agency (DSA) and Designated State Unit (DSU)

The purpose of this focus area was to assess the compliance of DRS with the federal requirements related to its organization within the Department of Human Services (DHS) 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:

- the progress of DRS toward the implementation of recommendations and the resolution of findings related to these requirements identified in prior monitoring reports (see Section 4 above);
- compliance with statutory and regulatory provisions governing the organization of the DHS 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:

- DHS and DRS directors and senior managers;
- DHS and DRS staff members responsible for the fiscal management of the VR program;
- Illinois SRC Chairperson and members;
- 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 FTEs 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 the Home Service Program);
  - individuals under DRS that do not work on rehabilitation projects of the DSU; and
  - individuals under DRS that do not work on the vocational rehabilitation program under the DSU.
- sample memoranda of understanding (MOUs) and/or cost allocation plans with one-stop career centers; and
- documents describing Illinois procurement requirements and processes.

## **Overview**

DRS, the sole agency responsible for the administration of the VR and SE programs, is located within the Illinois DHS, which is administered by a department secretary. Two assistant secretaries within the office of the secretary oversee the major components of DHS. DRS is located at a level comparable to the Divisions of Mental Health, Developmental Disabilities, Alcohol and Substance Abuse, Human Capital Development, and Community Health and Prevention, the directors of which report to the assistant secretary responsible for the oversight of these programmatic divisions of DHS. The administrators of the two major operational components of DHS, the Office of the Chief Financial Officer and the Office of the Chief Operating Officer, report to the second assistant secretary of DHS.

The director of DRS administers 12 components, including the Bureau of Home Services, VR Support, Bureau of Field Services, Bureau of Blind Services, the Training Unit, the Client Assistance Program, Educational Services, Bureau of Disability Determination Services, Rehabilitation Technology, Hispanic Services (VR outreach) and Strategic Management. A total of 1,970 full-time equivalent (FTE) positions are employed within DRS. Of the total FTEs, 467 are assigned to the VR program and four are assigned to the Independent Living Program. Within the other major components of DRS, 357 FTEs are assigned to the Home Services program, 569 FTEs to Disability Determination Services and 418 to Education Services, which includes the Illinois School for the Deaf (ISD), the Illinois School for the Visually Impaired (ISVI) and the Illinois Center for Rehabilitation and Education (ICRE) Roosevelt.

RSA's review of the organizational structure of DRS did not result in the identification of observations and recommendations. In addition, 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 TA to DRS related to organizational structure requirements of the DSA and DSU during the course of its monitoring activities while on-site in Illinois. Specifically, RSA provided guidance on the allowability of costs related to the MOU with each Workforce and Development Center consistent with the approved cost allocation plan. In addition, RSA also discussed the appropriate personnel cost allocation for staff assigned to work on VR, other rehabilitation services and other programs not administered under Title I. Finally, RSA provided DRS guidance on the requirements for a VR agency to maintain authority over personnel-related decisions, especially regarding the performance of the non-delegable functions of a qualified VR counselor.

## **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 TA and continuing education needs of VR agency staff.

To implement this focus area, RSA reviewed:

- DRS progress toward the implementation of recommendations and the resolution of findings related to the provision of transition services identified in the prior monitoring report from FY 2008 (see Section 4 above);
- formal interagency agreements between the VR agency and SEA;
- transition service policies and procedures;
- VR agency resources and collaborative efforts with other federal, state and local entities; and
- third-party cooperative arrangements and other cooperative agreements.

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

- the agreement between the VR agency and the SEA;
- 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; and
- the DRS transition coordinators serving as liaisons with the SEA and other agencies

RSA's review of transition services and employment outcomes achieved by youth with disabilities resulted in the identification of the following observations and recommendations. The TA requested by DRS to enable it to carry out these recommendations is contained in Appendix A of this report titled "Agency Response."

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

## **Observations and Recommendations**

### **5.B.1: Quality of Transition Outcomes and the Provision of Career-Related Services**

**Observation:** DRS provides services to transition-age youth through its own VR counselors and through third-party cooperative arrangements, or STEP contracts with local public school systems. Although DRS serves a greater percentage of youth with disabilities and assists a greater percentage of youth with achieving employment outcomes than the averages for all combined agencies, the quality of the employment outcomes achieved has declined and is below the performance of all combined agencies on these indicators. In addition, the percentages of youth with disabilities who participate in college, university, occupational or vocational training have declined and are lower than the percentages for combined agencies.

**Table 5.B.1.a**  
**DRS Quality Indicators for the Employment of Transition-Age Youth (ages 14-24)**  
**Using Age at Application for FY 2006 through FY 2010**

| <b>Closure Performance for Transition-age Youth</b>                 | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>Agency Type- C 2010</b> |
|---|-------------|-------------|-------------|-------------|-------------|----------------------------|
| <b>Transition-aged youth served</b>                                 |             |             |             |             |             |                            |
| Agency  | 44.3%       | 47.3%       | 42.9%       | 45.8%       | 54.0%       | 49.6%                      |
| <b>Employment rate</b>  |             |             |             |             |             |                            |
| Agency  | 61.6%       | 63.8%       | 62.4%       | 60.3%       | 57.3%       | 55.9%                      |
| <b>Average hourly wage for competitive employment outcomes</b>      |             |             |             |             |             |                            |
| Agency  | \$8.46      | \$8.58      | \$9.03      | \$9.15      | \$9.26      | \$9.88                     |
| <b>Average hours worked for competitive employment outcomes</b>     |             |             |             |             |             |                            |
| Agency  | 29.2        | 29.1        | 29.0        | 27.5        | 26.8        | 30.6                       |
| <b>Competitive employment outcomes at 35 or more hours per week</b> |             |             |             |             |             |                            |
| Agency  | 41.2%       | 40.5%       | 38.3%       | 32.6%       | 28.8%       | 44.9%                      |
| <b>Employment outcomes meeting SGA</b>                              |             |             |             |             |             |                            |
| Agency  | 54.7%       | 54.4%       | 56.8%       | 49.0%       | 47.4%       | 58.4%                      |
| <b>Employment outcomes with employer-provided medical insurance</b> |             |             |             |             |             |                            |
| Agency  | 30.6%       | 30.4%       | 26.3%       | 24.0%       | 21.4%       | 19.8%                      |

- Although DRS’s employment rate for transition-age youth was 57.3 percent in FY 2010, and higher than the figure for combined agencies of 55.9 percent that year, it declined steadily from FY 2007 to FY 2010 as indicated in Table 5.B.1.a.
- As shown in the above table, the average hourly wage for transition-age youth served increased from \$8.46 in FY 2006, to \$9.26 in FY 2010. However, it remained \$.62 below the national average of \$9.88 for combined agencies in FY 2010.
- The average hours worked for youth served by DRS decreased from 29.2 hours in FY 2006, to 26.8 hours, 3.8 hours less than the national average of 30.6 hours for combined agencies in FY 2010.
- From FY 2006 to FY 2010, the percentage of transition-age youth whose cases were closed after achieving competitive employment at 35 or more hours per week decreased substantially. At 28.8 percent in FY 2010, this figure was 16.1 percent less than the national average of 44.9 percent for combined agencies.
- Similarly, the percentage of youth with disabilities who achieved substantial gainful activity (SGA) decreased from 56.8 percent in FY 2008, to 47.4 percent in FY 2010, compared to the national average of 58.4 percent for combined agencies.

- In FY 2010, although 21.4 percent of youth with disabilities who achieved employment received employer-provided medical insurance, the percentage had declined since FY 2006, when the figure was 30.6 percent.

**Table 5.B.1.b**  
**Select DRS Services Provided to Transition-age Youth**  
**(FY 2006 through FY 2010)**

| Services                                | 2006  | 2007  | 2008  | 2009  | 2010   | Agency Type-C 2010 |
|---|-------|-------|-------|-------|--------|--------------------|
| <b>Assessment Services</b>              |       |       |       |       |        |                    |
| Number Served                           | 1,977 | 2,041 | 2,124 | 2,020 | 1,955  | 40,010             |
| Percent Served                          | 52.8% | 53.8% | 54.8% | 52.3% | 51.2%  | 70.3%              |
| <b>College or university training</b>   |       |       |       |       |        |                    |
| Number Served                           | 543   | 519   | 448   | 437   | 327    | 11,072             |
| Percent Served                          | 14.5% | 13.7% | 11.6% | 11.3% | 8.6%   | 19.4%              |
| <b>Occupational/vocational training</b> |       |       |       |       |        |                    |
| Number Served                           | 535   | 558   | 481   | 441   | 360    | 8,144              |
| Percent Served                          | 14.3% | 14.7% | 12.4% | 11.4% | 9.4%   | 14.3%              |
| <b>Job Search Assistance</b>            |       |       |       |       |        |                    |
| Number Served                           | 2,085 | 2,154 | 2,257 | 2,265 | 2,362  | 17,720             |
| Percent Served                          | 55.7% | 56.8% | 58.2% | 58.6% | 61.8%  | 31.1%              |
| <b>Job Placement Assistance</b>         |       |       |       |       |        |                    |
| Number Served                           | 1,992 | 2,048 | 2,161 | 2,093 | 2,020  | 20,099             |
| Percent Served                          | 53.2% | 54.0% | 55.7% | 54.2% | 52.87% | 35.3%              |

- The percentage of transition-age youth served who received assessment services decreased from 54.78 percent in FY 2008, to 51.2 percent in FY 2010, significantly lower than the figure of 70.3 percent for combined agencies.
- The percentage of transition-age youth who participated in college or university training decreased from 14.5 percent in FY 2006, to 8.6 percent in FY 2010, 10.8 percent below the figure of 19.4 percent for combined agencies in FY 2010.
- Similarly, the percentage of transition-age youth who received occupational or vocational training decreased from 14.7 percent in FY 2007, to 9.4 percent in FY 2010, 4.9 percent lower than the figure of 14.3 percent for combined agencies in FY 2010.

- DRS provided a greater percentage of transition-age youth with job search and placement services when compared to the figures for combined agencies in FY 2010. However, the percentage of transition-age youth served who received job placement services declined from FY 2008 to FY 2010.

**Recommendation 5.B.1:** RSA recommends that DRS:

- 5.B.1.1 analyze the services and outcomes provided under the TPCA STEP contracts and through DRS VR counselors to determine the efficacy of service delivery under both models;
- 5.B.1.2 consider using performance indicators that address the quality of services and employment outcomes to assess the performance of the TPCA STEP contracts;
- 5.B.1.3 analyze the decline in the average hours worked per week and the percentages of transition-age youth who achieved competitive employment outcomes at 35 or more hours per week, employment outcomes meeting SGA and employment outcomes with employer-provided medical insurance to determine the reasons underlying the decline in these respective performance measures;
- 5.B.1.4 develop and implement strategies to increase wage levels and average hours worked per week for competitive employment outcomes for transition-age youth served by the agency through the exploration of relevant training and education to increase average wages and hours worked per week and expand partnerships with employers throughout the state;
- 5.B.1.5 analyze and evaluate the services provided and expenditures for employment, competitive employment outcomes and purchased services to determine how the provision of services, including post secondary education or occupational/vocational training, affects the quality of employment outcomes; and
- 5.B.1.6 develop and implement strategies to increase the delivery of post-secondary education and vocational training to transition-age youth.

**Technical Assistance**

The RSA review team provided TA 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 guidance on the timely development of IPEs for transition-age youth to document and reflect the provision of services through the STEP third-party cooperative arrangements in accordance with the IPE. In addition, RSA and DRS discussed the analysis of services provided by the STEP arrangements and the quality of the employment achieved as a result of the programming provided. RSA also provided an analysis of and guidance related to the quality of employment outcomes for transition-age youth served by DRS and an analysis of services provided, highlighting the decline in the percentage of youth with disabilities who received college or university training or occupational/vocational training and whose cases were closed in FY 2010. Finally, RSA provided guidance related to the provision of post-secondary education and the need for exceptions related to individual need, as documented in DRS's Illinois Administrative Code at Sections 590.240, 590.250, 590.270 and 590.680.

## **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 2008 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 recommendations and resolution of findings);
- 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:

- third-party cooperative arrangements;
- 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 DRS did not result in the identification of observations and recommendations. In addition, 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 TA to DRS related to the fiscal integrity of the VR program while on-site in Illinois. Specifically, RSA provided guidance related to sources of program income and

reporting and tracking requirements. RSA compared the SF-425s submitted by the agency with the SF-425 instructions for reporting program income and provided guidance related to the transferring of program income to another program. In addition, RSA provided guidance related to the completion of the SF-425.

## **SECTION 6: COMPLIANCE FINDINGS AND CORRECTIVE ACTIONS**

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RSA identified the following compliance findings and corrective actions that DRS is required to undertake. The TA 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 TA 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 part 81 of EDGAR.

### **1. Unqualified Supervisors Performing Non-Delegable Functions**

#### **Legal Requirements:**

- Rehabilitation Act - Sections 101(a)(7) and 102(b)(2)(E)
- VR Program Regulations – 34 CFR 361.18(c), 34 CFR 361.42(a)(1)(iii), 34 CFR 361.45(d) and 34 CFR 361.56(c)

#### **Finding:**

DRS is not in compliance with federal requirements at 34 CFR 361.18(c), 34 CFR 361.42(a)(1)(iii), 34 CFR 361.45(d) and 34 CFR 361.56(c), because supervisors in the field offices are required to perform the non-delegable functions of a qualified VR counselor employed by the DSU for all vacant caseloads and caseloads managed by new counselors within their offices, even though they may not possess the credentials necessary to be deemed a qualified VR counselor under the agency’s comprehensive system of personnel development (CSPD).

Pursuant to the Rehabilitation Act and its implementing regulations, as part of its comprehensive system of personnel development (CSPD), a VR agency is required to establish and maintain “personnel standards that are consistent with any national or State-approved or -recognized certification, licensing, or registration requirements, or, in the absence of these requirements, other comparable requirements (including State personnel requirements) that apply to the

profession or discipline in which that category of personnel is providing vocational rehabilitation services” (Section 101(a)(7) of the Act; 34 CFR 361.18(c)(1)(i)).

The standards must be based on the highest requirements in the state applicable to each profession or discipline. The highest requirement in the state means the highest entry-level academic degree needed for any national or state-approved or -recognized certification, licensure, or registration (34 CFR 361.18(c)(2)(i)).

The Rehabilitation Act and regulations identify several counseling functions that can only be performed by qualified vocational rehabilitation counselors employed by the agency. The functions that cannot be delegated to other non-qualified employees are listed below.

- Determination of eligibility - A qualified VR counselor employed by the agency must determine if an individual requires VR services to prepare for, secure, retain or regain employment (34 CFR 361.42(a)(1)(iii)).
- Development of the Individualized Plan for Employment (IPE) - A qualified VR counselor employed by the agency must approve and sign the IPE (34 CFR 361.45(d)(3)(ii)).
- Review of the IPE, at least annually - A qualified VR counselor must review the IPE, at least annually, to assess the individual’s progress in achieving the identified employment outcome (section 102(b)(2)(E) of the Act and 34 CFR 361.45(d)(5)).
- Amendment of the IPE - A qualified VR counselor employed by the agency must agree to and sign an amendment to an individual’s IPE in order for it to take effect (34 CFR 361.45(d)(7)).
- Case closure - A qualified VR counselor employed by the agency must determine that an individual’s employment outcome is satisfactory and that the individual is performing well on the job before the individual can be considered to have achieved a successful employment outcome and the individual’s case can be closed (34 CFR 361.56(c)).

According to the collective bargaining agreement covering DHS, public service administrators (PSAs) are given preference when filling the supervisor positions that oversee VR counselors working in the field offices, regardless of the person’s experience or knowledge of VR services. As indicated by administrative and field staff interviewed during the monitoring process, this often includes preference over candidates that meet the state’s personnel standard requirements for VR counselor positions. As a result, PSAs can be chosen ahead of experienced VR counselors who meet the state’s educational level for qualified rehabilitation counselors under the agency’s CSPD.

Under the CSPD, DRS requires VR counselors to possess a Master’s of Arts degree in Rehabilitation Counseling or a closely related field. Through discussions with the Assistant Bureau Chiefs (ABCs) and other administrative staff during the course of the monitoring process, it was reported that eight of the 39 supervisors throughout the five regions do not meet CSPD standards and are not under a training plan to reach this standard. The collective

bargaining agreement requires that supervisors possess a Bachelor of Arts degree or higher in order to be eligible to be hired.

According to DRS's FY 2011 State Plan, the agency employs 223 VR counselors and has 14 vacancies (for a total of 237 VR counselor positions). Of those employed, only four VR counselors do not meet CSPD standards, but are required to have all their work signed off by the office supervisor, including all non-delegable functions. It was further reported that all supervisors manage vacant caseloads within their office, including the performance of the non-delegable functions, as necessary, until the position has been filled. Finally, all supervisors provide training and oversee the activities of new VR counselors within their office, which include the review and approval of all eligibility determinations, the development of IPEs, annual review reports, and the closure of all employment cases.

Based on the information provided by administrative and field staff during the monitoring process, approximately 20 percent (8 out of 39 supervisors) are performing the non-delegable functions of a qualified VR counselor when a VR counselor position is vacant within the office being supervised and when new staff have been hired and are being trained, though the supervisors do not possess the credentials of a qualified VR counselor employed by DRS under its CSPD.

**Corrective Action 1: DRS must:**

- 1.1 cease the performance of the non-delegable functions of a qualified VR counselor employed by the DSU by all supervisors who do not meet the DRS CSPD standard for this position; and
- 1.2 provide an assurance within 10 days from the date the final report is issued that no supervisor will perform the non-delegable functions of a qualified VR counselor employed by the DSU unless they possess the necessary credentials to meet the agency's CSPD standard established pursuant to Section 101(a)(7) of the Rehabilitation Act and 34 CFR 361.18(c).

**2. Individualized Plan for Employment**

**Legal Requirements:**

- VR Program Regulations – 34 CFR 361.45(a)(2), (b)(1) and (2), (d)(2), (3) and (6) - (8); and 361.46(a)(1), (2), (4), (5) and (6)

**Finding:**

DRS is not in compliance with 34 CFR 361.45(a)(2), (b)(1) and (2), (d)(2), (d)(3), or 34 CFR 361.46(a)(1)-(6) because it does not require the development of an IPE to provide VR services to youth with disabilities through the STEP and it has implemented the practice of providing VR services through the STEP contracts as documented in the IEP. Although developed in

coordination with the IPE, the IEP cannot be used in place of the IPE as it does not satisfy the requirement that services are to be provided in accordance with the provisions of the IPE per 34 CFR 361.45(a)(2). In addition, the IEP does not define the nature or scope of the VR services and the specific employment outcome per 34 CFR 361.45(b)(2); nor does it include the required content of the IPE in accordance with 34 CFR 361.46. Furthermore, DRS is not in compliance with 34 CFR 361.45(d)(3) because DRS is providing services to individuals prior to the individual and qualified VR counselor have signed the IPE.

Without the written, signed or approved IPE, DRS cannot ensure that the IPE was developed in accordance with 34 CFR 361.45(d)(2), providing the opportunity for an individual to exercise informed choice in the selection of the desired employment goal, the VR services needed to achieve the goal, nor the setting where the services will be provided.

The Illinois Administrative Code (IAC) Title 89, Chapter IV, Subchapter b, Part 572, Section 572.50 (a) states in summary that the IPE must be developed, agreed to and signed by the customer and counselor as required by 34 CFR 361.45(d)(3). In addition, 89 IAC 572.50 (a) and (b) provide for the development and implementation of the IPE in a manner that provides for the customer to exercise informed choice in compliance with 34 CFR 361.45(d)(2) and includes the mandatory components of the IPE described at 34 CFR 361.46(a), specifically, a description or statement of the specific VR service to be provided.

The state statute governing the provision of transition services through STEP at 89 IAC 590.70 state, in part, that necessary services may be provided to any VR customer and that the majority of such services are provided through STEP. STEP is a cooperative program between DRS and its LEAs through which DRS provides funding to assist in the provision of classroom instruction on career exploration, independent living and community mobility skills training and in-school and community-based work experiences.

DRS reported that it uses services provided through STEP as diagnostic assessments to determine an employment goal, prior to a student exiting secondary education in accordance with 34 CFR 361.45(b)(1). DRS communicated that STEP assesses a student's career goals, provides career exploration, work experiences and job coaching through DRS' TPCA funding in accordance with 34 CFR 361.28. DRS reported that it develops the majority of IPEs in partnership with students and school personnel during a student's senior year, or year prior to exit from high school per 89 IAC 572.50(d) and provide STEP services to student's once they are determined eligible for VR services through the IEP. The services provided under the IEP, as stated above, include assessment activities such as classroom instruction on career exploration, work experiences, job shadowing, job coaching, and career assessment to assist in the individual's determination of a specific employment outcome. DRS indicated these IEPs for STEP participants are often implemented for individuals referred in their first, second or third year of high school.

Although DRS provides STEP services as diagnostic assessments, its state statute at 89 IAC 590.730(b) states, "All services provided to a client/student pursuant to this Subpart must: (1) be

necessary as evidenced by his/her Individualized Written Rehabilitation Program [now known as the IPE] (89 IAC 572); (2) be provided in coordination with the client's/student's Individualized Education Program (IEP), per 89 IAC 572.40;...and (4) include classroom instruction, community based work experience, development of employment and other post-secondary objectives, and, as appropriate, daily living skills and functional vocational assessment.”

Vocational assessments are allowable prior to the development of an IPE; however, the scope of VR services provided in accordance with 89 IAC 590.730 must be documented in the individuals IPE and coordinated with the IEP. Furthermore, the IEP cannot replace or be used as a proxy for the IPE, which has mandatory components including a description of the specific services to be provided, the entity to provide the services, the criteria used to evaluate progress and the specific employment outcome, as required under 34 CFR 361.45 and 34 CFR 361.46.

As students participate in STEP their first, second and third years of secondary education, the IPE must be reviewed annually and amended when there are substantive changes in the VR services provided, the providers of VR services or employment outcome per 361.45 (d)(6) and signed in compliance with 34 CFR 361.45(d)(5),(6) and (7).

**Corrective Action 2:** DRS must:

- 2.1 cease the implementation of an IEP in place of an IPE to document STEP services. The IPE should be developed in consideration of and coordination with the student's IEP, but must include the requirements at 34 CFR 361.46, specifically, a description of the necessary rehabilitation services (34 CFR 361.46(a)(2)); and
- 2.2 submit a written assurance to RSA within ten days of the issuance of the final monitoring report to ensure that it will develop an IPE for each youth receiving services through STEP that meets the requirements of 34 CFR 361.45 and 34 CFR 361.46 and that IPE amendments comply with 34 CFR 361.45, and 34 CFR 361.46.

**3. State Educational Agency (SEA) Agreement with the Illinois State Board of Education (ISBE)**

**Legal Requirements:**

- Rehabilitation Act – Section 101(a)(11)(D)(i) – (iv)
- VR program Regulations - 34 CFR 361.22(b)(1) – (4)

**Finding:**

DRS entered into an agreement with ISBE in FY 2003 that is not in compliance with the minimum requirements of a formal interagency agreement with the SEA pursuant to Section 101(a)(11)(D) of the Rehabilitation Act and 34 CFR 361.22(b). DRS entered into a formal interagency agreement with ISBE in the Spring of FY 2003, when it was organized as the Office of Rehabilitation Services (ORS), prior to its reorganization as a division within the DHS in FY

2004. The current agreement does not delineate the responsibilities of DRS to provide consultation and TA to assist educational agencies in planning for the transition of youth from school to post-school activities, including VR as required by Section 101(a)(11)(D)(i) and 34 CFR 361.22(b)(1). The agreement does highlight ISBE's and ORS' commitment to communication and consultation with one another regarding issues and problems. However, it should also include the responsibilities of TA and consultation related to transition planning and programming.

In addition, the SEA agreement between ORS (to be referred to as DRS from this point forward) and ISBE does not provide for the responsibilities of each party or entity with respect to providing transition planning in order to facilitate the development of the IEP per Section 101(a)(11)(D)(ii) and 34 CFR 361.22(b)(2). The agreement does reference TPCs. However, it only states that DRS agrees to have a staff person function as a TPC member and that ISBE will encourage personnel involvement, but does not delineate the responsibilities of each agency to facilitate the completion of the IEP and coordination of the IPE.

Furthermore, the SEA agreement does not include the financial responsibilities of each agency related to the provision of services and reimbursement, as required by Section 101(a)(11)(D)(iii) and 34 CFR 361.22(b)(3).

Finally, the SEA agreement does not include procedures for outreach to and identification of students with disabilities in need of transition services pursuant to Section 101(a)(11)(D)(iv) and 34 CFR 361.22(b)(4). It also does not include a description of the purpose of the VR program, eligibility requirements, application procedures or the scope of services that can be provided to eligible individuals. The agreement does reference joint training provided to state, local and regional transition stakeholders under a two year federally funded transition outreach grant which began in January 2003, and presumably ended in 2005.

The current ISBE and DRS SEA agreement focuses efforts around the development of data sharing and local educational agency agreements. However, DRS has communicated that it does not receive the data delineated as ISBE's responsibility to share with ORS (DRS) and agreements with local educational agencies were never developed as Illinois has fostered strong partnerships and collaborative efforts through its STEP third-party cooperative arrangements with the local educational agencies by which new, modified or expanded transition services, with a VR focus, are funded by DRS and provided by the local educational agencies. Although DRS can include non-required items in its SEA agreement with ISBE, it should consider maintaining the agreement in order to facilitate the transition of students with disabilities from the receipt of educational services in school to the receipt of vocational rehabilitation services.

**Corrective Action 3:** DRS must:

- 3.1 submit a written assurance to RSA within ten days of the issuance of the final monitoring report that DRS will ensure that the SEA agreement with ISBE will be updated and revised to reflect the appropriate entities involved in the formal interagency agreement and to comply

with the requirements at Section 101(a)(11)(D) of the Rehabilitation Act and 34 CFR 361.22 (b); and

- 3.2 submit the revised SEA formal interagency agreement between DRS and ISBE for RSA's review as part of DRS' corrective actions associated with the FY 2011 Section 107 Monitoring Review.

#### **4. Reporting of Program Income**

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

- VR Program Regulations – 34 CFR 361.12 and 361.63(c)(1) - (2)
- EDGAR – 34 CFR 80.20(a) and 80.25

##### **Finding:**

Illinois DRS is not reporting program income received and disbursed through the VR program in a manner consistent with federal regulations at 34 CFR 361.12 and 34 CFR 80.20(a), which require all recipients of Federal funds to accurately report the financial results of all Federally-assisted activities. VR grantees are required to submit accurate SF-269/SF-425 Federal Financial Reports. RSA staff compared the financial data provided by DRS with the information entered into the RSA-MIS by DRS. The following issues were noted:

- The FY 2007 fourth quarter SF-269 reported \$2,891,574 in program income. The FY 2007 Final SF-269 reported \$4,425,913. Program income is considered earned in the fiscal year in which the funds are actually received by the grantee (34 CFR 361.63(c)(1) and 34 CFR 80.25). Therefore, the amount of program income reported should not change after the grantee submits its fourth quarter (9/30) report for any fiscal year.
- The final FY 2009 fourth quarter SF-269 reported \$12,079,226 in program income. Documentation received from DRS staff indicated that the actual amount of program income received in FY 2009 was \$6,039,613. Staff reported that the \$12,079,226 was a typographical error.
- Although, this monitoring did not cover programs other than the VR and SE formula grants, RSA found errors in the SF-269/425s prepared by DRS staff related to the reporting of program income transferred from the VR program into the Independent Living and Client Assistance Programs. Documentation for FYs 2006–2010 indicated that VR program income was being transferred and expended to support the Independent Living Program. However, the transferred program income was not reported on the IL SF-269/SF-425 forms nor on the SF-269/SF-425 forms submitted by DRS. The state may choose to use Social Security reimbursements earned by the VR program for other formula grant programs funded under the Rehabilitation Act (34 CFR 361.63(c)(2)). However, each program earning or receiving the Social Security reimbursements for its use must report the funds earned or received as program income.

**Corrective Action 4:** DRS must:

- 4.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that DRS will report program income completely and accurately on the SF-269/SF-425 reports as required by 34 CFR 361.12 and 34 CFR 80.20; and
- 4.2 correct the amount of program income reported on the final FY 2007 and FY 2009 SF-269 reports. In addition, the FY 2006-2010 SF-269/SF-425 reports for the Independent Living and Client Assistance Programs must be revised to include the amount of VR program income received and expended.

## APPENDIX A: AGENCY RESPONSE

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### Section 4: Results of Prior Monitoring Activities

DRS requests additional TA described below to enable it to carry out the following recommendations and compliance findings identified in the FY 2008 monitoring report.

#### Recommendations

##### 1. Planning

**Observation:** Expanding DRS's strategic planning activities will improve their impact on the program.

**Additional TA Requested:** DRS requests Region V TACE technical assistance to continue the expansion and development of strategic planning activities.

##### 2. Quality Assurance

**Observation:** DRS would benefit from an expansion of its Quality Assurance (QA) process. The agency's current QA processes apply primarily to a statewide case review of the VR process and provision of services.

**Additional TA Requested:** DRS requests Region V TACE technical assistance to continue the development of QA processes.

#### Corrective Actions

##### 1. Third-party Cooperative Arrangement

**Corrective Action 1:** DRS must revise its third-party cooperative arrangement documents to be consistent with 34 CFR 361.28.

**Additional TA Requested:** DRS requests Region V TACE technical assistance with staff training.

##### 2. State Rehabilitation Council

**Corrective Action 2:** Illinois must take the steps necessary to fill the vacancies on the SRC. DRS must provide an assurance in connection with the approval of its FY 2009 State Plan to RSA that the SRC will be fully constituted with full membership through gubernatorial appointment.

**Additional TA Requested:** DRS requests Region V TACE technical assistance with SRC training.

## **Section 5: Focus Areas**

### **A. Organizational Structure**

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

### **B. Transition Services and Employment Outcomes for Youth with Disabilities**

**Observation 5.B.1:** Quality of Transition Outcomes and the Provision of Career-Related Services

**Recommendation 5.B.1:** RSA recommends that DRS:

- 5.B.1.1 analyze the services and outcomes provided under the TPCA STEP contracts and DRS VR counselors to determine the efficacy of service delivery under both models;
- 5.B.1.2 consider adding performance indicators that address quality of services and employment outcomes to assess the performance of the TPCA STEP contracts;
- 5.B.1.3 analyze the decline in the average hours worked per week and the percentages of individuals who achieved competitive employment outcomes at 35 or more hours per week, employment outcomes meeting SGA and employment outcomes with employer-provided medical insurance to determine the reasons underlying the decline in these respective performance measures;
- 5.B.1.4 develop and implement strategies to increase wage levels and average hours worked per week for competitive employment outcomes for transition-age youth served by the agency through the exploration of relevant training and education to increase average wages and hours worked per week and expand partnerships with employers throughout the state;
- 5.B.1.5 analyze and evaluate the services provided and expenditures for employment, competitive employment outcomes and purchased services to determine how the provision of services, including post secondary education or occupational/vocational training, affects the quality of employment outcomes; and
- 5.B.1.6 develop and implement strategies to increase the delivery of post-secondary education and vocational training to transition-age youth.

**Agency Response:** DRS believes that the recommendations provided in Section 5.B of the monitoring report are valid collectively as a means of focusing program improvements. Rather than respond point-to-point to the recommendations, DRS agrees to do the following: (a) conduct an extensive analysis of data relating to transition age youth in order to better understand the dynamics of service provision and outcomes for individuals in that group; (b) pursue a contract with external consultants to conduct a study of the program effectiveness and cost

structure of the STEP program; and (c) identify strategies that will improve the outcomes achieved by transition age youth in the DRS VR program.

**Technical Assistance:** DRS requests technical assistance in the area of services to transition-age youth, particularly in relation to the number and quality of outcomes achieved by customers in that category. A more specific request for technical assistance will follow after a further review of program data and internal discussions of transition related issues.

### **C. Fiscal Integrity of the VR Program**

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

## **Section 6: Compliance Findings and Corrective Actions**

### **1. Unqualified Supervisors Performing Non-Delegable Functions**

**Corrective Action 1:** DRS must:

- 1.1 cease the performance of the non-delegable functions of a qualified VR counselor employed by the DSU by all supervisors who do not meet the DRS CSPD standard for this position; and
- 1.2 provide an assurance within 10 days from the date the final report is issued that no supervisor will perform the non-delegable functions of a qualified VR counselor employed by the DSU unless they possess the necessary credentials to meet the agency's CSPD standard established pursuant to Section 101(a)(7) of the Rehabilitation Act and 34 CFR 361.18(c).

**Agency Response:** DRS will ensure that all non-delegable functions are performed only by qualified rehabilitation counselors or by supervisors who meet the requirements of a qualified rehabilitation counselor. DRS acknowledges that several individuals working as field office supervisors lack the requisite qualifications to approve the work of counselor trainees or others who function in the counselor role but who are not qualified rehabilitation counselors. A review of the qualifications of all supervisors has been conducted and matched to the location of counselor trainees. Discussions have begun with the labor relations division of DHS in order to establish criteria under which senior rehabilitation counselors will be assigned to provide sign-off approval for the work of counselor trainees. Pending the arrangement with labor relations it is uncertain at what point this process will be initiated.

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

## **2. Individualized Plan for Employment**

**Corrective Action 2:** DRS must:

- 2.1 cease the implementation of an IEP in place of an IPE to document STEP services. The IPE should be developed in consideration of and coordination with the student's IEP, but must include the requirements at 34 CFR 361.46, specifically, a description of the necessary rehabilitation services (34 CFR 361.46(a)(2)); and
- 2.2 submit a written assurance to RSA within ten days of the issuance of the final monitoring report to ensure that it will develop an IPE for each youth receiving services through STEP that meets the requirements of 34 CFR 361.45 and 34 CFR 361.46 and that IPE amendments comply with 34 CFR 361.45, and 34 CFR 361.46.

**Agency Response:** DRS will take steps to initiate IPEs for all students enrolled in the STEP program during the 2011-2012 school year. DRS is not prepared at this time to identify a timeline for accomplishing this task. Beginning in September 2011 at a series of regional meetings staff will receive training in the new approach to serving STEP students. Additional training will be provided at the region and office level. Changes will be made to our computerized case management system that will document compliance with this requirement. In addition DRS will work with the STEP Advisory Council to communicate changes to school personnel and identify effective mechanisms for ensuring that IPEs are developed on each student.

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

## **3. State Educational Agency (SEA) Agreement with the Illinois State Board of Education (ISBE)**

**Corrective Action 3:** DRS must:

- 3.1 submit a written assurance to RSA within ten days of the issuance of the final monitoring report that DRS will ensure that the SEA agreement with ISBE will be updated and revised to reflect the appropriate entities involved in the formal interagency agreement and to comply with the requirements at Section 101(a)(11)(D) of the Rehabilitation Act and 34 CFR 361.22 (b); and
- 3.2 submit the revised SEA formal interagency agreement between DRS and ISBE for RSA's review as part of DRS' corrective actions associated with the FY 2011 Section 107 Monitoring Review.

**Agency Response:** DRS agrees that a new, comprehensive agreement is needed with the ISBE. Discussions have begun with ISBE representatives around key elements of the agreement. A senior DRS administrator will be assigned to work with ISBE representatives to develop an

agreement for review by the respective legal units of the two agencies. It is expected that an agreement will be completed in fiscal year 2012.

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

#### **4. Reporting of Program Income**

**Corrective Action 4:** DRS must:

- 4.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that DRS will report program income completely and accurately on the SF-269/SF-425 reports as required by 34 CFR 361.12 and 34 CFR 80.20; and
- 4.2 correct the amount of program income reported on the final FY 2007 and FY 2009 SF-269 reports. In addition, the FY 2006-2010 SF-269/SF-425 reports for the Independent Living and Client Assistance Programs must be revised to include the amount of VR program income received and expended.

**Agency Response:** DRS accepts the finding outlined in the monitoring report with respect to the use of program income. Changes have been made in the utilization of program income and DRS believes that this issue can be resolved in a relatively short time. Communication with RSA on this issue will continue in order to ensure that DRS has modified its practices to achieve compliance.

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

## APPENDIX B: LEGAL REQUIREMENTS

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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)

(7) Comprehensive system of personnel development

(B) set forth policies and procedures relating to the establishment and maintenance of standards to ensure that personnel, including rehabilitation professionals and paraprofessionals, needed within the designated State unit to carry out this part are appropriately and adequately prepared and trained, including--

(i) the establishment and maintenance of standards that are consistent with any national or State approved or recognized certification, licensing, registration, or other comparable requirements that apply to the area in which such personnel are providing vocational rehabilitation services; and

(ii) to the extent that such standards are not based on the highest requirements in the State applicable to a specific profession or discipline, the steps the State is taking to require the retraining or hiring of personnel within the designated State unit that meet appropriate professional requirements in the State; and

(11) Cooperation, collaboration, and coordination

(D) The State plan shall contain plans, policies, and procedures for coordination between the designated State agency and education officials responsible for the public education of students with disabilities, that are designed to facilitate the transition of the students with disabilities from the receipt of educational services in school to the receipt of vocational rehabilitation services under this title, including information on a formal interagency agreement with the State educational agency that, at a minimum, provides for--

(i) consultation and technical assistance to assist educational agencies in planning for the transition of students with disabilities from school to post school activities, including vocational rehabilitation services;

(ii) transition planning by personnel of the designated State agency and educational agency personnel for students with disabilities that facilitates the development and completion of their individualized education programs under section 614(d) of the Individuals with Disabilities Education Act;

- (iii) the roles and responsibilities, including financial responsibilities, of each agency, including provisions for determining State lead agencies and qualified personnel responsible for transition services; and
- (iv) procedures for outreach to and identification of students with disabilities who need the transition services.

#### Section 102(b)

#### (b) Development of an Individualized Plan for Employment

##### (2) Mandatory procedures

##### (E) Review and amendment

The individualized plan for employment shall be--

(i) reviewed at least annually by--

(I) a qualified vocational rehabilitation counselor; and

(II) the eligible individual or, as appropriate, the individual's representative; and

(ii) amended, as necessary, by the individual or, as appropriate, the individual's representative, in collaboration with a representative of the designated State agency or a qualified vocational rehabilitation counselor (to the extent determined to be appropriate by the individual), if there are substantive changes in the employment outcome, the vocational rehabilitation services to be provided, or the service providers of the services (which amendments shall not take effect until agreed to and signed by the eligible individual or, as appropriate, the individual's representative, and by a qualified vocational rehabilitation counselor employed by the designated State unit).

## **Vocational Rehabilitation Program Regulations**

### 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 VR program]. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 361.18(c)

- (1) The State plan must include the State agency's policies and describe the procedures the State agency will undertake to establish and maintain standards to ensure that all professional and paraprofessional personnel needed within the designated State unit to carry out this part are appropriately and adequately prepared and trained, including—
  - (i) Standards that are consistent with any national or State-approved or -recognized certification, licensing, or registration requirements, or, in the absence of these requirements, other comparable requirements (including State personnel requirements) that apply to the profession or discipline in which that category of personnel is providing vocational rehabilitation services;

34 CFR 361.22(b)

*Formal interagency agreement.* The State plan must include information on a formal interagency agreement with the State agency that, at a minimum, provides for--

- (1) Consultation and technical assistance to assist educational agencies in planning for the transition of students with disabilities from school to post-school activities, including vocational rehabilitation services;
- (2) Transition planning by personnel of the designated State agency and educational agency personnel for students with disabilities that facilitates the development and completion of their individualized education programs (IEPs) under section 614(d) of the Individuals with Disabilities Education Act;
- (3) The roles and responsibilities, including financial responsibilities, of each agency, including provisions for determining State lead agencies and qualified personnel responsible for transition services; and
- (4) Procedures for outreach to and identification of students with disabilities who are in need of transition services. Outreach to these students should occur as early as possible during the transition planning process and must include, at a minimum, a description of the purpose of vocational rehabilitation program, eligibility requirements, application procedures, and scope of services that may be provided to eligible individuals.

34 CFR 361.42(a)(1)

- (iii) A determination by a qualified vocational rehabilitation counselor employed by the designated State unit that the applicant requires vocational rehabilitation services to prepare for, secure, retain, or regain employment consistent with the applicant's unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.

34 CFR 361.45 - Development of the individualized plan for employment.

- (a) *General Requirements.*
  - (2) Services will be provided in accordance with the provisions of the IPE.
- (b) *Purpose.*

- (1) The designated State unit must conduct an assessment for determining vocational rehabilitation needs, if appropriate, for each eligible individual or, if the State is operating under an order of selection, for each eligible individual to whom the State is able to provide services. The purpose of this assessment is to determine the employment outcome and the nature and scope of vocational rehabilitation services to be included in the IPE.
- (2) The IPE must be designed to achieve a specific employment outcome, as defined in §361.5(b)(16), that is selected by the individual consistent with the individual's unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.

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(d) *Mandatory procedures.* The designated state unit must ensure that –

- (2) The IPE is developed and implemented in a manner that gives eligible individuals the opportunity to exercise informed choice, consistent with 34 CFR 361.52 in selecting--
  - (ii) The specific vocational rehabilitation services needed to achieve the employment outcome, including the settings in which services will be provided;
  - (iii) The entity or entities that will provide the vocational rehabilitation services...
- (3) The IPE is--
  - (i) Agreed to and signed by the eligible individual or, as appropriate, the individual's representative; and
  - (ii) Approved and signed by a qualified vocational rehabilitation counselor employed by the designated State unit.

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- (5) The IPE is reviewed at least annually by a qualified vocational rehabilitation counselor and the eligible individual or, as appropriate, the individual's representative to assess the eligible individual's progress in achieving the identified employment outcome;
- (6) The IPE is amended, as necessary, by the individual or, as appropriate, the individual's representative, in collaboration with a representative of the State unit or a qualified vocational rehabilitation counselor (to the extent determined to be appropriate by the individual), if there are substantive changes in the employment outcome, the vocational rehabilitation services to be provided, or the providers of the vocational rehabilitation services;
- (7) Amendments to the IPE do not take effect until agreed to and signed by the eligible individual or, as appropriate, the individual's representative and by a qualified vocational rehabilitation counselor employed by the designated State unit;
- (8) An IPE for a student with a disability receiving special education services is developed--
  - (i) In consideration of the student's IEP; and
  - (ii) In accordance with the plans, policies, procedures, and terms of the interagency agreement required under 34 CFR 361.22.

34 CFR 361.46 Content of the individualized plan for employment.

- (a) *Mandatory components.* Regardless of the approach in §361.45(c)(1) that an eligible individual selects for purposes of developing the IPE, each IPE must include—
- (1) A description of the specific employment outcome, as defined in §361.5(b)(16), that is chosen by the eligible individual and is consistent with the individual's unique strengths, resources, priorities, concerns, abilities, capabilities, career interests, and informed choice.
  - (2) A description of the specific rehabilitation services under 34 CFR 361.48

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- (4) A description of the entity or entities chosen by the individual or, as appropriate, the individual's representative that will provide the vocational rehabilitation services and the methods used to procure those services;
- (5) A description of the criteria that will be used to evaluate progress toward achievement of the employment outcome; and
- (6)(iii) The responsibilities of other entities as the result of arrangements made pursuant to comparable services or benefits requirements in 34 CFR 361.53.

#### 34 CFR 361.56(c)

*Satisfactory outcome.* At the end of the appropriate period under paragraph (b) of this section, the individual and the qualified rehabilitation counselor employed by the designated State unit consider the employment outcome to be satisfactory and agree that the individual is performing well in the employment.

#### 34 CFR 361.63(c)(2)

- (c) *Use of program income.* (1) Except as provided in paragraph (c)(2) of this section, program income, whenever earned, must be used for the provision of vocational rehabilitation services and the administration of the State plan. Program income is considered earned when it is received.
- (2) 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).

## **Education Department General Administrative Regulations**

#### 34 CFR 80.20

- (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:
- (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 80.25

- (a) *General.* Grantees are encouraged to earn income to defray program costs. Program income includes income from fees for services performed, from the use or rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant agreement, and from payments of principal and interest on loans made with grant funds. Except as otherwise provided in regulations of the Federal agency, program income does not include interest on grant funds, rebates, credits, discounts, refunds, etc. and interest earned on any of them.
- (b) *Definition of program income.* Program income means gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. "During the grant period" is the time between the effective date of the award and the ending date of the award reflected in the final financial report.