

**FISCAL YEAR 2011
MONITORING REPORT
ON THE
MAINE DIVISION FOR THE BLIND AND
VISUALLY IMPAIRED
VOCATIONAL REHABILITATION
PROGRAM**



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

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SECTION 1: EXECUTIVE SUMMARY

Background

Section 107 of the Rehabilitation Act of 1973, as amended (Rehabilitation Act), requires the Commissioner of the Rehabilitation Services Administration (RSA) to conduct annual reviews and periodic on-site monitoring of programs authorized under Title I of the Rehabilitation Act to determine whether a state vocational rehabilitation (VR) agency is complying substantially with the provisions of its State Plan under section 101 of the Rehabilitation Act and with the evaluation standards and performance indicators established under Section 106. In addition, the commissioner must assess the degree to which VR agencies are complying with the assurances made in the State Plan Supplement for Supported Employment (SE) Services under Title VI, part B, of the Rehabilitation Act.

Through its monitoring of the VR and SE programs administered by the Maine Division for the Blind and Visually Impaired (DBVI) 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 related to three focus areas, including:
 - organizational structure requirements of the designated state agency (DSA) and the designated state unit (DSU);
 - transition services and employment outcomes for youth with disabilities; and
 - the fiscal integrity of the VR program;
- identified emerging practices related to the three focus areas and other aspects of the VR agency's operations; and
- provided technical assistance to the VR agency to enable it to enhance its performance and to resolve findings of noncompliance.

The nature and scope of this review and the process by which RSA carried out its monitoring activities, including the conduct of an on-site visit from July 18, 2011 through July 22, 2011, is described in detail in the FY 2011 Monitoring and Technical Assistance Guide for the Vocational Rehabilitation Program located at: www.ed.gov/rschstat/eval/rehab/107-reports/2011/monitoring-and-technical-assistance-guide.doc or, www.ed.gov/rschstat/eval/rehab/107-reports/2011/monitoring-and-technical-assistance-guide.pdf.

Emerging Practices

Through the course of its review, RSA collaborated with DBVI, the State Rehabilitation Council (SRC), the New England Technical Assistance and Continuing Education (NE 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.

- Improvement of Employment Outcomes, including Supported Employment and Self-employment: DBVI created the Employability Skills Program to support the efforts of consumers who are “job ready” and seeking employment and to assist consumers who are approaching job-readiness to develop a plan to obtain the necessary skills to fully engage in job seeking activities.
- Improvement of Employment Outcomes, including Supported Employment and Self-Employment: DBVI implemented a pilot program using the “futures planning” process, similar to “person-centered planning,” to assist consumers who were experiencing inertia in identifying, developing, and realizing employment and other personal and professional goals.

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

Summary of Observations

RSA’s review of DBVI 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.

Organizational Structure of the DSA and DSU

- Maine statute lacks clarity and/or consistency regarding the responsible entities for administering the VR programs, creating the potential for confusion regarding which entity is to perform the non-delegable functions of the DSU serving individuals who are blind and visually impaired.
- Maine statute assigns powers and duties to the Maine Department of Labor (MDOL) commissioner, including the determination of eligibility and priority for VR services that are non-delegable functions of the DSU under the Rehabilitation Act. These functions, however, were not performed by the MDOL commissioner, but properly performed at the DBVI counselor level in a manner consistent with federal regulations.
- The Maine DBVI director position utilizes a job description entitled “Director Division of Eye Care” that reflects the duties that existed for this position prior to the establishment of DBVI as a DSU separate from DVR, and does not incorporate all of the current job duties.

Transition Services and Employment Outcomes for Youth with Disabilities

- DBVI’s intensive focus on services to achieve maximum independence in daily living, while necessary, appears to override and sometimes impede the primary goal of the VR program -- employment, potentially resulting in a low number of transition-age youth achieving successful employment outcomes.

Summary of Compliance Findings

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

- The Maine Workforce Investment Act (WIA) strategic state plan submitted to MDOL by the Maine Jobs Council (MJC), which serves as the statewide workforce investment board in Maine, does not describe how the VR program is represented on the MJC and how the member of the State Board representing the VR program will effectively represent the interests, needs, and priorities of the VR program (20 CFR 661.200(i)(3)).
- DBVI does not disburse program income prior to requesting additional cash payments (34 CFR 80.21(f)(2)).
- DBVI, in its administration of the VR program, has not ensured the proper expenditure of accounting of federal funds and the proper collection and reporting of all federal funds (34 CFR 361.12 and 34 CFR 80.20(a)).
- DBVI does not accurately report the financial results of all federally-assisted activities (34 CFR 361.12 and 34 CFR 80.20(a)).
- DBVI does not utilize methods of administration to ensure the proper administration of the VR program and accurate accounting of VR funds, including the ability to track the expenditure of funds to the VR program (34 CFR 361.12 and 34 CFR 80.20(a)).
- DBVI does not conduct monitoring activities of its contracts to ensure that grant-supported activities performed by the contractors comply with applicable federal requirements and that performance goals are achieved (34 CFR 80.40(a)).

Development of the Technical Assistance Plan

RSA will collaborate closely with DBVI and the New England Technical Assistance and Continuing Education center (NE TACE), to develop a technical assistance (TA) plan to address the TA needs identified by DBVI in Appendix A of this report. RSA, DBVI and NE 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, DBVI and NE TACE 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: James Billy, Janette Shell, and Suzanne Mitchell (Technical Assistance Unit); Tanielle Chandler (Fiscal Unit); Yann-Yann Shieh (Data collection and Analysis Unit); and Larry Vrooman and Dave Wachter (Vocational Rehabilitation Unit). Although not all team members participated in the on-site visit, each contributed to the gathering and analysis of information and the development of this report.

Acknowledgement

RSA wishes to express appreciation to the representatives of DBVI 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 VR programmatic data contained in Table 2.1 below and is intended to serve as a broad overview of the VR program administered by DBVI. 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 VR programmatic 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 DBVI open service records including that related to current applicants, individuals who have been determined eligible and those who are receiving services. DBVI 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
DBVI Program Performance Data for FY 2006 through FY 2010**

Program Performance Data for FY 2006 - FY2010								
MAINE DIVISION FOR THE BLIND AND VISUALLY IMPAIRED		FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	Change from FY 2006 to FY 2010	All Blind Agencies 2010
TOTAL CASES CLOSED	Number	345	283	148	215	251	-94	14,089
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	-27.2%	100.0%
Exited as an applicant	Number	28	27	16	17	22	-6	2,980
	Percent	8.1%	9.5%	10.8%	7.9%	8.8%	-21.4%	21.2%
Exited during or after trial work experience/extended employment	Number	2	0	1	0	0	-2	124
	Percent	0.6%	0.0%	0.7%	0.0%	0.0%	-100.0%	0.9%
TOTAL NOT DETERMINED ELIGIBLE	Number	30	27	17	17	22	-8	3,104
	Percent	8.7%	9.5%	11.5%	7.9%	8.8%	-26.7%	22.0%
Exited without employment outcome after signed IPE	Number	0	1	0	2	1	1	141
	Percent	0.0%	0.4%	0.0%	0.9%	0.4%		1.0%
Exited from order of selection waiting list	Number	5	0	0	0	0	-5	43
	Percent	1.4%	0.0%	0.0%	0.0%	0.0%	-100.0%	0.3%
Exited without employment after eligibility	Number	36	23	18	20	26	-10	1,286
	Percent	10.4%	8.1%	12.2%	9.3%	10.4%	-27.8%	9.1%
TOTAL EXITED AFTER ELIGIBILITY, BUT PRIOR TO RECEIVING SERVICES	Number	41	24	18	22	27	-14	1,470
	Percent	11.9%	8.5%	12.2%	10.2%	10.8%	-34.1%	10.4%
Exited with employment	Number	206	184	82	105	149	-57	6,065
	Percent	59.7%	65.0%	55.4%	48.8%	59.4%	-27.7%	43.0%
Exited without employment	Number	68	48	31	71	53	-15	3,450
	Percent	19.7%	17.0%	20.9%	33.0%	21.1%	-22.1%	24.5%

Table 2.1 (continued)								
MAINE DIVISION FOR THE BLIND AND VISUALLY IMPAIRED		FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	Change from FY 2006 to FY 2010	All Blind Agencies 2010
TOTAL RECEIVING SERVICES	Number	274	232	113	176	202	-72	9,515
	Percent	79.4%	82.0%	76.4%	81.9%	80.5%	-26.3%	67.5%
EMPLOYMENT RATE		0.75	0.79	0.73	0.60	0.74		0.64
Transition age youth closed	Number	28	20	15	11	23	-5	2,023
	Percent	8.1%	7.1%	10.1%	5.1%	9.2%	-17.9%	14.4%
Transition age youth employment outcomes	Number	9	9	4	2	6	-3	551
	Percent	4.4%	4.9%	4.9%	1.9%	4.0%	-33.3%	9.1%
Competitive employment outcomes	Number	48	51	29	43	55	7	5,222
	Percent	23.3%	27.7%	35.4%	41.0%	36.9%	14.6%	86.1%
Supported employment outcomes	Number	5	8	3	5	10	5	153
	Percent	2.4%	4.3%	3.7%	4.8%	6.7%	100.0%	2.5%
Average hourly wage for competitive employment outcomes	Average	\$12.59	\$14.27	\$12.95	\$15.86	\$18.84		\$14.26
Average hours worked for competitive employment outcomes	Average	25.1	28.7	31.3	28.3	22.2		31.1
Competitive employment outcomes at 35 or more hours per week	Number	20	24	16	21	18	-2	2,829
	Percent	9.7%	13.0%	19.5%	20.0%	12.1%	-10.0%	46.6%
Employment outcomes meeting SGA	Number	16	23	17	22	18	2	2,198
	Percent	7.8%	12.5%	20.7%	21.0%	12.1%	12.5%	36.2%
Employment outcomes with employer-provided medical insurance	Number	14	19	16	18	17	3	1,260
	Percent	6.8%	10.3%	19.5%	17.1%	11.4%	21.4%	20.8%

VR Performance Trends

Positive Trends

DBVI increased the percentage of individuals who achieved a competitive employment outcome from 23.3 percent in FY 2006 to 36.9 percent in FY 2010. This increase represents notable progress but remains substantially lower compared to the 86.1 percent for all blind agencies in FY 2010. DBVI also increased the average hourly wage for competitive employment outcomes from \$12.59 in FY 2006 to \$18.84 in FY 2010, exceeding the average hourly wage of \$14.26 for competitive employment outcomes for all blind agencies. DBVI attributes these changes, in large part, to their “Enhanced Income” initiative, whereby agency staff encourages individuals with homemaker goals to consider alternative vocational goals as a logical next step following the completion of independent living and blindness skills training.

In FY 2010, 80.5 percent of individuals served by DBVI whose cases were closed received services prior to closure compared to 67.5 percent of individuals served in all blind agencies whose cases were closed in that year. In addition, 59.4 percent of those closed achieved an

employment outcome compared to 43 percent for all blind agencies. Although approximately 19.6 percent of DBVI applicants are not determined eligible or exit the program prior to receiving services, and 21.1 percent exit the VR program without achieving an employment outcome, these percentages are lower than the average for all blind agencies.

Trends Indicating Potential Risk to the Performance of the VR Program

The percentage of individuals who received employer-provided medical benefits decreased from 19.5 percent in FY 2008 to 11.4 percent in FY 2010, compared with 20.8 percent for all blind agencies nationally in FY 2010. The percentage of individuals working more than 35 hours a week in competitive employment decreased from 19.5 in FY 2008 to 12.1 in FY 2010, well below the national average of 46.6 percent in FY 2010. DBVI attributes these changes in performance to the economic downturn and decreasing full-time employment opportunities; decreasing employment opportunities with employer-provided medical benefits; and individuals' fears of losing Social Security and similar benefits as a consequence of full-time work.

The low number of service records closed each year for transition-age youth served by DBVI may be due, in part, to the relatively low number of identified students with visual impairments in the Maine education system. Approximately 200 to 250 students who are blind or have visual impairments are in K-12 education programs in Maine each year. The number of transition-age youth who exited the DBVI VR program each year decreased from 28 in FY 2006 to 11 in FY 2009, but increased to 23 in FY 2010. Employment outcomes achieved by transition-age youth followed a corresponding pattern, decreasing from nine in FY 2006 and 2007 to two in FY 2009 and increasing to six in FY 2010. The relative proportion of employment outcomes for transition-age youth compared to all employment closures has remained between four and five percent for the period FY 2006 and FY 2010, except for FY 2009 at 1.9 percent. DBVI has initiated an analysis of trends in the performance data and attrition rates for transition-age youth to assist in the development of strategies to improve the relative number and percentage of employment outcomes achieved by transition-age youth in future years.

Despite the challenges in employment stemming from the economic downturn, DBVI cannot avoid taking aggressive action to address those aspects of the VR process that can mitigate the negative impact of these factors and improve the agency's performance.

SECTION 3: EMERGING PRACTICES

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

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

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

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

1. Improvement of Employment Outcomes, Including Supported Employment and Self-employment

Employability Skills Program: DBVI created the Employability Skills Program (ESP) to: 1) hone job seeking strategies; 2) support job readiness; and 3) reduce the “revolving door” cycle of employment. The ESP was designed to support the efforts of individuals with disabilities who are “job ready” and seeking employment and to assist those individuals who are not yet job ready to develop a plan to obtain the necessary skills to fully engage in job seeking activities. The ESP is composed of a centrally located five-day immersion program and a component consisting of follow-along tele-meetings based on the job club model.

The five-day immersion component uses the peer mentoring and self-discovery exercises related to blindness-specific competencies that will enhance an individual’s marketability of their specific job skills. In addition, the program provides hands-on training in the use of on-line employment tools in one-stop career centers and in the use of on-line career exploration instruments. A variety of presentations on effective job seeking strategies is provided. Participants interact with employers to learn about what is desired in an employee and with successfully employed individuals in the competitive labor market who are blind or visually impaired. The participants conclude the five-day portion of this program with an action plan for

how they will approach their job search or for acquiring additional competencies needed before they begin actual job seeking activities.

The final component of this program is a follow-along series of tele-meetings based on the job club model. These tele-meetings provide a mechanism to offer additional structure and encouragement for an individual's job search activities, peer mentoring for gaining the needed competencies before the consumer begins actual job seeking activities, and an opportunity to evaluate what is working and what might still be needed.

One cohort completed the immersion component in June 2011. Ten VR consumers applied to attend the program and seven of the ten began and completed the immersion component. All benefited from participating in this component as evidenced by their progress toward employment.

2. Improvement of Employment Outcomes, Including Supported Employment and Self-employment

Futures Planning: DBVI implemented the futures planning process as part of a pilot program to assist consumers that were not making progress in their efforts to meet employment and other personal and professional goals. This approach uses a model similar to person-centered planning to identify an individual's interests, strengths, skills and abilities with the help of a contractor who interviews the individual, as well as, key persons identified by the individual central to his life and goals. The contractor develops a summary of the information gathered, including a series of maps that depicts the individual's history and milestones, setting a framework for brainstorming future goals. This summary is shared with the individual and those persons who were interviewed prior to convening a brainstorming meeting to identify employment possibilities. Additionally, the brainstorming meeting serves to motivate, inspire confidence, and lend support to the individual seeking to gain or improve employment.

DBVI selected five consumers for the pilot project to represent transition-age youth, young adults, older adults, and independent living program consumers. Anecdotal information supports the impact of this approach, including the achievement of employment, increased self-esteem and self-confidence of individuals, and strengthened support networks.

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

SECTION 4: RESULTS OF PRIOR MONITORING ACTIVITIES

During its review of the VR and SE programs in FY 2011, RSA assessed progress toward the implementation of recommendations that DBVI agreed to address during the prior monitoring cycle in FY 2008 and the resolution of findings from that review.

Recommendations

In response to RSA's monitoring report dated September 12, 2008, for the federal fiscal year 2008, DBVI agreed to implement the recommendations below. A summary of the agency's progress toward implementation of each recommendation appears below.

1. Employment Outcomes

Recommendations: RSA recommends that Maine DBVI:

- 1.1 develop and implement a thorough CNA that will provide/identify the number of individuals who need VR services to obtain or retain employment and the nature and scope of those services;
- 1.2 expand its referral network and resources so that more individuals of working age will apply for services;
- 1.3 develop and implement goals, objectives, and strategies to increase the number of individuals who achieve employment outcomes with earnings;
- 1.4 collaborate with Community Rehabilitation Programs (CRPs) to expand their services to provide more employment training services; and
- 1.5 develop and implement a process for agency staff to discuss the benefits of employment with prospective program participants.

Status: DBVI, with the support of the System Improvement Quality Assurance, (SIQA) Division and the University of Southern Maine Muskie Center, conducted a Comprehensive Statewide Needs Assessment (CSNA) in the first half of FY 2011. This assessment provided a clearer picture of the number of persons in Maine with visual impairments, but did not specifically identify the number of persons or populations who are not being served or who are underserved. Through the Education for Blind Children Program (EBCP), DBVI is able to identify the number of school-age youth with visual impairments who require support and/or accommodation services to receive a free and appropriate public education. In response to these recommendations, DBVI began a statewide effort to ensure that every student in the EBCP received an eligibility determination for VR services during the academic year in which they turned 14 years of age.

While DBVI made progress in the area of increased competitive employment closures, it continues to have a high percentage of outcomes in this area. To respond to the need to increase competitive outcomes, DBVI adapted its State Plan goals, objectives and strategies to place more emphasis on increasing employment outcomes, including competitive employment outcomes. DBVI introduced the "Enhanced Income" strategy to assist individuals with homemaker vocational goals to consider part-time employment to supplement their income or to consider the

homemaker vocational goal as the first step toward achieving a full-time competitive employment outcome. DBVI also added a State Plan goal on serving transition age-youth that did not include a performance target.

DBVI invited its VR service delivery partners, including CRPs, to trainings related to the employment needs of transition-age youth and incorporating the ultimate goal of employment in all facets of the EBCP program. The primary objective of these training efforts was to assist VRC's and CRPs in redirecting their focus when working with transitioning students to an emphasis on achieving successful employment outcomes. DBVI presented techniques for analyzing vocational rehabilitation needs and addressing those needs through the IEP, as well as, promoting the need for benefits analysis and counseling.

2. Transition-Age Youth Services

Recommendations: RSA recommends that Maine DBVI:

- 2.1 revise its contract with Catholic Charities to emphasize employment related services, benefits counseling, and the relationship of employment to increased independence;

Status: DBVI did not revise its contract with Catholic Charities to emphasize employment related services, benefits counseling, and the relationship of employment to increased independence because DBVI viewed the sole responsibility of Catholic Charities to be the education of children who are blind or have low vision. This contract is funded totally with General Fund money for the express purpose of educating children who are blind or who have low vision in the State of Maine.

- 2.2 develop and implement a plan to increase referrals of transition-age youths to DBVI;

Status: During the FY 2008 review, the EBCP was not referring all potentially eligible students to the DBVI VR program. In response to RSA recommendations, DBVI began a statewide effort to make sure that every student in their EBCP received an eligibility determination for VR services during the academic year in which they turned 14 years of age. The EBCP added a comprehensive student staffing into its program to determine the student's level of job readiness. As part of this comprehensive staffing, a DBVI VR readiness checklist is utilized to begin the collaborative transition process. The comprehensive staffing is held at the beginning and end of each year and the VR checklist is updated at each staffing. This process provides a complete picture for the vocational rehabilitation counselor (VRC) when he or she begins a more interactive role with the student during the student's junior year. This intensive approach with the transitioning student is expected to decrease the number of students who drop out of the VR process after graduation.

- 2.3 develop and implement goals, objectives, and strategies to increase the number of transition-age youth who achieve employment outcomes with earnings; and

Status: DBVI began an evidence-based initiative to review and analyze all outcomes for the past ten years related to post-secondary programs for transition-age youth. DBVI completed the

initial data collection phase of this project by running reports from their case management system. Currently, DBVI is reviewing each consumer service record to gather needed data that was incomplete or was not available in the Office of Rehabilitation Services Information System (ORSIS). Through the analysis of this data, DBVI will identify improvements needed to serve this population. This project is slated for completion by the end of FFY 2011. DBVI will use this information to establish new State Plan goals, objectives, benchmarks, and measures for serving transition-age youth.

- 2.4 determine whether it would be beneficial to reconstitute and support a new VICAT for engaging in both community awareness and employment awareness for individuals with vision impairments.

Status: VICAT stands for “Visually Impaired Community Awareness Team.” VICAT’s goal is to increase general community awareness and to dispel myths regarding visual impairments. The DBVI management team identified a new staff person to be the lead in reconstituting the VICAT program which is comprised of high school students with visual impairments. DBVI VR counselors from around the state forwarded five new student candidates to be interviewed. The interviews will begin at the start of the 2011 school year and completed by the end of 2011. Once the VICAT team has been identified and trained a schedule will be developed for the group to do community and employer presentations.

3. Strategic and Human Resource Planning

- 3.1 develop and implement a strategic plan in collaboration with the SRC and stakeholders;

Status: With the support of the new SRC Chair and of SIQA, DBVI took the initial steps towards implementing a strategic plan. As part of the pre-planning process, the SRC meetings have been held in different regions of the state. Staff and consumers from the respective region are invited to attend the afternoon SRC meeting in addition to a town hall meeting with the DBVI director during the morning.

As an initial effort toward comprehensive strategic planning, DBVI, with support of the SIQA Division, began an evidenced-based, systemic review of various components of its VR program. SIQA provided data related to outcomes for veterans and for transition-age youth in post-secondary education plans. In addition, SIQA worked closely with DBVI to conduct its Comprehensive Statewide Needs Assessment, provide training in the use of a comprehensive project management instrument, and review special projects planned by using this instrument.

Some of the specific projects that received SIQA review included:

- a comprehensive, year-long staff training project;
- the Deaf-blind Interpreter and Support Service Provider training project;
- Building Business Relationships project;
- the Unemployment Insurance Customer Representative Training project; and
- the Community Connections project.

- 3.2 expand the stakeholders who provide input in the development of DBVI guidance memos to obtain a broader input, including the SRC, CAP and other stakeholders;

Status: As noted in the discussion for recommendation 3.1 above, DBVI management and the SRC have been holding their meetings in the different regions of the state so the SRC could learn from the local stakeholders what the issues are in their region. In addition, the SRC is exploring the possibility of live-streaming its meetings with the aim of increasing consumer participation. Also, the SRC is considering the creation of an interactive website that will promote SRC activities as well as provide outreach to individuals with visual impairments that are not employed and are not aware of DBVI services.

- 3.3 increase training to insure that the guidance memos are for guidance, training and good practice, and not policy; and

Status: DBVI has increased training to staff and the DBVI delivery system during the past three years. These trainings and technical assistance have been provided by the NE TACE, RSA and a contractor from Georgia who has an international reputation in working with those who are blind and have low vision. These trainings focused on changing the culture at DBVI so that the staff will center their services on the achievement of employment outcomes and on improvement of communication within the agency.

- 3.4 develop a succession plan that includes strategies to develop, recruit, and retain qualified staff.

Status: DBVI actively pursued professional internship arrangements with a variety of universities in both orientation and mobility (O&M) and vocational rehabilitation counseling. Relationships have been developed with University of Massachusetts, Boston; Salus University; and Steven F. Austin for O&M specialists and Western Michigan University for vocational rehabilitation counselors (VRCs). These efforts have yielded three hires of O&M specialists with another one interested in moving to Maine in the near future. Since the beginning of 2008, a number of DBVI staff positions have been reclassified, including Vocational Rehabilitation Counselor 2, O&M Instructor, and Casework Supervisor. In addition, some Rehabilitation Assistant positions were reclassified as VRC 1 positions. These reclassifications are expected to have a positive impact on retention of staff.

4. SRC

- 4.1 develop and institute a training program on the roles and responsibilities of the SRC and provide training to all board members and appropriate agency staff;
- 4.2 develop a recruitment process with a list of potential SRC members; and
- 4.3 develop a training program utilizing the RSA's new State Rehabilitation Council (SRC) training. The link to the training is <http://www.erehab.org>.

Status: Most of the SRC members have become aware of the history, purpose and role of the SRC through the training provided by the RSA at the www.erehab.org website. The council chose to take the training as a group during their meetings. All applicants for appointment to the

SRC must take the training and provide certification as part of their application. DBVI has used this training with new VR counselors and with local workforce investment boards. In addition, the new Institute on Rehabilitation Issues document on the SRC partnership with the state VR agency has been distributed to SRC members and DBVI staff. The DBVI management team is working with SIQA to develop advanced training for members in order for them to obtain a comprehensive understanding of Maine's blind and low vision community. This training may have resulted in the council's current efforts to rewrite its bylaws.

DBVI and the SRC learned that holding SRC quarterly meetings in different locations around the state provides an opportunity to meet new members of the blind and low vision community, some of whom have expressed interest in becoming members of the SRC. This effort, as well as town hall meetings held by the director in the morning before the afternoon SRC meeting, has strengthened the knowledge of the agency and the SRC role, marketing of the VR program, and recruitment of SRC members.

SECTION 5: FOCUS AREAS

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 Maine DBVI with the federal requirements related to its organization within the Maine Department of Labor (MDOL) and the ability of Maine DBVI to perform its non-delegable functions, including the determination of eligibility, the provision of VR services, the development of VR service policies, and the expenditure of funds. Specifically, RSA engaged in a review of:

- compliance with statutory and regulatory provisions governing the organization of MDOL and DBVI under 34 CFR 361.13(b) and (c);
- processes and practices related to the promulgation of VR program policies and procedures;
- the manner in which DBVI 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 DBVI 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:

- MDOL and DBVI directors and senior managers;
- MDOL and DBVI staff members responsible for the fiscal management of the VR program;
- SRC chairperson and council members;
- Maine Department of Administration and Financial Services (DAFS) human resources and fiscal management staff;
- Client Assistance Program staff members; and
- TACE center representatives.

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

- a MDOL organizational chart dated January 24, 2011 illustrating the relative position of bureaus, divisions and programs within the DSA;
- an organizational chart showing the relative position of the four divisions located within the Bureau of Rehabilitation Services (BRS);
- 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;
- job descriptions for the BRS director and DBVI director;

- sample memoranda of understanding (MOUs) and/or cost allocation plans with one-stop career centers; and
- documents describing Maine’s procurement requirements and processes.

Overview

MDOL is the DSA in Maine and contains four bureaus: the Bureau of Rehabilitation Services (BRS); the Bureau of Labor Standards (BLS); the Bureau of Unemployment Compensation (BUC); and the Bureau of Employment Services (BES). Each of these bureaus consists of a bureau director and one or two administrative support staff.

As characterized by the acting BRS director, the DBVI director and the MDOL commissioner, the DBVI director reports to the BRS director who in turn reports to the MDOL commissioner. The BRS director serves as a liaison between the commissioner and the three primary service provision units and the Division of Quality Assurance within the BRS as well as between the four bureaus within MDOL to coordinate overarching department level strategic planning and coordination of services and activities. Under this arrangement, the BRS director functions as a deputy to the MDOL commissioner and does not perform functions that infringe upon or overlap the non-delegable duties of the DSU directors. All division directors, including the DVR and DBVI directors, have three lines available for communicating and reporting to the MDOL commissioner – directly, through their respective bureau director, and through the Office of Policy and Legislation

In the past MDOL operated with a deputy commissioner to whom the bureau directors reported. However, this position has been vacant since the beginning of the current administration. MDOL has expressed the intent to appoint a deputy commissioner in the future, but maintains that the BRS director will continue to report directly to the commissioner. Thus, the BRS director will continue to perform the same reporting functions as a deputy commissioner for DBVI and the other divisions under BRS.

The BRS staff consists of the BRS director and an administrative secretary. The BRS director is responsible for the direction and coordination of the units within BRS including DBVI, Division of Vocational Rehabilitation (DVR), the Division of Deaf, Hard of Hearing and Late Deafened, (DDHH) and the Division of Quality Assurance (QA). DBVI and DVR are the primary divisions within BRS containing the majority of staff. DDHH consists of the division director and a rehabilitation assistant while the QA division consists of the director and four staff. DBVI currently has 33 staff and DVR has 125 staff.

Maine centralizes information technology (IT), human resources (HR) and fiscal administration functions in a separate agency, the Division of Administration and Financial Services (DAFS). DAFS operates at the department level and supports all state departments in Maine. DAFS assigns specific staff to provide HR and fiscal support to the divisions.

Consistent with the independent explanations of the roles and functions of the BRS director by MDOL and DBVI staff, the BRS director's position description indicated representative tasks including:

- coordination of activities, functions and programs within BRS to ensure objectives and strategies are consistent with MDOL's mission and that established goals and objectives are obtained;
- reviews and evaluates division director performance in order to ensure the effective, efficient and responsive service delivery;
- meets with representatives of government, the media, employers, citizens' advisory groups, and the public in order to advocate for persons with disabilities and enhance awareness of rehabilitation service programs;
- confers with directors of other agencies and related activities in order to enhance interagency cooperation and coordination of services to persons with disabilities; and
- responds to legislative inquiries, requests for information and testimony in order to provide information and MDOL position.

A similar examination of the role of the DBVI director and the position description indicated the following representative tasks are performed by the DBVI director:

- plans, advocates, formulates, and modifies policies and procedures governing services to the blind in order to attain Division goals and objectives;
- develops standards for and updates a statewide registry for the blind in order to determine service requirements;
- directs budget preparation and controls expenditure of federal and state funds in order to ensure target population needs are met in an efficient and effective manner;
- advises and consults with other divisions in order to provide information on needs of blind handicapped clients;
- directs and oversees program of vending stands and cafeterias in order to provide employment opportunities for the blind;
- researches, studies, and interprets statistical data, written and verbal reports, legislation, and regulations in order to determine impact/trend and make appropriate recommendations;
- writes and delivers testimony, grant reports, and other documents in order to represent clients' best interests;
- presents educational workshops and answers technical or programmatic questions for civic and community groups in order to promote Division programs;
- trains staff in Division practices and policies in order to ensure staff awareness and proficiency; and
- confers with, counsels, and evaluates subordinate staff in order to identify training needs and resolve performance issues.

RSA's review of the organizational structure of DBVI resulted in the identification of the following observations and recommendations. The TA requested by DBVI to enable it to carry out these recommendations is contained in Appendix A to this report titled "Agency Response."

Observations and Recommendations

5.A.1 Maine Statute Lacks Clarity and/or Consistency in VR Program Administration Responsibilities and Non-delegable Functions

Observation: The Maine statute lacks clarity and/or consistency regarding the responsible entities for administering the VR programs, creating the potential for confusion regarding which entity is to perform the non-delegable functions of the DSU serving individuals who are blind and visually impaired.

- Title 26, Chapter 19, Subchapter 2, §1412-C of the Maine Revised Statutes establishes the Bureau of Rehabilitation Services, “which shall administer that group of rehabilitation services specifically related to the federal vocational rehabilitation programs.” This creates the potential for the non-delegable responsibilities of the DSU director to be assumed by the BRS director.
- The chapter also contains sections establishing DBVI and the DBVI director position (§1418-A), the DDHH and the DDHH director position (§1413-E), and assigns administrative responsibility for those divisions to their respective directors. Section 1411-B establishes the “Rehabilitation Services Unit” as a “functional unit of rehabilitation services which is equal in administrative level and status with other major administrative units within the department.” Consequently, §1418-A and §1411-B create a potential conflict regarding the assignment of responsibility for the administration of DBVI.
- Organizational history provided by BRS, DBVI, and DVR revealed that prior to the adoption of the 1995 revisions to the Maine statutes, Maine operated as a combined VR program under the Maine Department of Education. The statutory revisions were intended to establish the VR programs under the MDOL and further establish DBVI as a separate DSU equal in status to DVR.
- Through interviews and an examination of the relevant position description, the RSA review team found that the DBVI director exercises the non-delegable functions of the DSU consistent with the requirements of the Rehabilitation Act of 1973 as amended. Nevertheless, the wording contained in Title 26, §1418-A in combination with §1412-C, creates ambiguity by indicating that the BRS director holds administrative responsibility while also placing this responsibility with the DBVI director.

Recommendation 5.A.1: RSA recommends that DBVI:

- 5.A.1.1 seek revision of the relevant sections of the statute to clearly delineate the role of DBVI in exercising the administrative responsibility for the VR program serving individuals who are blind or visually impaired as required by the regulations found at 34 CFR §361.13(c).

5.A.2 Maine Statute Assigns DSU Responsibilities to the DSA

Observation: The Maine Statute assigns the determination of eligibility of individuals for rehabilitation and priority for services to the MDOL Commissioner.

- Title 26, Chapter 19, Subsection 2, §1411-D.8. of the Maine Revised Statutes states that the commissioner “[s]hall determine the eligibility of individuals for rehabilitation services or evaluation and vocational services and the priority for those services in accordance with rules established by the department.” The federal regulations found at 34 CFR §361.13(c)(1), specify this responsibility as a non-delegable function of the DSU.
- RSA’s review determined that these functions were not performed at the MDOL level but were instead properly performed at the DBVI counselor level in a manner consistent with the regulations found at 34 CFR §361.41(a) specifying that eligibility and priority decisions must be made by qualified personnel within the DSU.

Recommendation 5.A.2: RSA recommends that DBVI:

5.A.2.1 seek revision of the relevant sections of the statute to reconcile the language of the statute and the actual performance of the non-delegable functions by the DSU as required in the regulations found at 34 CFR 361.13(c)(1); and to remove the mandatory reference to the commissioner’s responsibility for those required DSU functions.

5.A.3 Inaccurate and Incomplete Description of the DBVI Director Duties

Observation: The Maine DBVI director position utilizes a job description entitled “Director Division of Eye Care” that reflects the duties that existed for this position prior to the establishment of DBVI as a DSU separate from DVR, and does not incorporate all of the current job duties.

- The RSA review team was advised by the BRS director, DBVI director, and HR staff that the existing job description for the DBVI director represents tasks performed while part of a combined VR structure and prior to the establishment of DBVI as a separate DSU. All indicated that the position description should be updated to reflect the full scope of responsibilities performed by the DBVI director and aligned with the DVR position description.

Recommendation 5.A.3: RSA recommends that DBVI:

5.A.3.1 revise the position description of the DBVI director to more accurately reflect the duties and responsibilities of the position in a manner generally consistent with the scope and complexity of description of duties and responsibilities outlined in the position description for the DVR director.

Technical Assistance

RSA provided TA to DBVI related to this focus area during the course of its monitoring activities. Specifically, RSA provided TA on strategic planning, State Plan development and information regarding the non-delegable functions of the DSU director required by the regulations found at 34 CFR 361.13(c)(1), including:

- determination of eligibility;
- nature and scope of VR services;
- provision of VR services;
- case closure and the achievement of an employment outcome;
- policy formulation and implementation;
- allocation and expenditure of VR funds; and
- participation as a partner in the One-Stop service delivery system.

B. Transition Services and Employment Outcomes for Youth with Disabilities

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

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

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

To implement this focus area, RSA reviewed:

- DBVI's 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 the state educational agency (SEA);
- transition service policies and procedures; and
- VR agency resources and collaborative efforts with other federal, state and local entities.

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

- the agreement between the VR agency and the state educational agency (SEA); 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 DBVI 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 individualized plan for employment (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 DBVI with peer agencies during the same period, as well as with national averages for other blind 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 DBVI administrator/director;
- DBVI VR counselors;
- DBVI orientation and mobility instructors;
- DBVI blind rehabilitation specialist;
- community rehabilitation providers; and
- youth with disabilities receiving or applying for VR services.

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 DBVI to enable it to carry out these recommendations is contained in Appendix A of this report titled “Agency Response.”

Observations and Recommendations

5.B.1 Low Employment Outcomes for Transition-Age Youth

Observation: DBVI’s intensive focus on services to achieve maximum independence in daily living, while necessary, appears to override, and sometimes impede, the primary goal of the VR program -- employment, potentially resulting in a low number of transition-age youth achieving successful employment outcomes. This observation is based upon the information below.

- Approximately 200 to 250 students who are blind or have visual impairments are in K-12 education programs in Maine each year, resulting in relatively low numbers of transition-age youth who are potentially eligible for DBVI VR services. The low number of service records closed each year for transition-age youth served by DBVI suggests that caution be used in interpreting performance data.
- Over the period FY 2006 to FY 2010, the percentage of transition-age youth with disabilities who either were determined eligible for services but did not receive services or who received services but did not achieve an employment outcome was approximately 60 percent in each year except FY 2007 when it was 45 percent. The national performance for all blind agencies for these two groups in FY 2010 was 51.8 percent. Please refer to table 5.B.1 below.

**Table 5.B.1
DBVI Transition-Age Youth (TAY) Types of Closure from FY 2006 through FY 2010**

MAINE DIVISION FOR THE BLIND AND VISUALLY IMPAIRED		FY 2006	FY 2006	FY 2008	FY 2009	FY 2010	Change from FY 2006 to FY 2010	Agency Type Transition-age (2010)
TOTAL TRANSITION AGE YOUTH CASES CLOSED	Number	28	20	15	11	23	-5	2,023
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	-17.9%	100.0%
Exited as an applicant	Number	2	2	2	2	3	1	391
	Percent	7.1%	10.0%	13.3%	18.2%	13.0%	50.0%	19.3%
Exited during or after trial work experience/ extended employment	Number	0	0	0	0	0	0	33
	Percent	0.0%	0.0%	0.0%	0.0%	0.0%		1.6%
TOTAL NOT DETERMINED ELIGIBLE	Number	2	2	2	2	3	1	424
	Percent	7.1%	10.0%	13.3%	18.2%	13.0%	50.0%	21.0%
Exited without employment outcome after signed IPE	Number	0	0	0	0	0	0	22
	Percent	0.0%	0.0%	0.0%	0.0%	0.0%		1.1%
Exited from order of selection waiting list	Number	1	0	0	0	0	-1	8
	Percent	3.6%	0.0%	0.0%	0.0%	0.0%	-100.0%	0.4%
Exited without employment after eligibility	Number	12	1	3	1	5	-7	293
	Percent	42.9%	5.0%	20.0%	9.1%	21.7%	-58.3%	14.5%

TOTAL EXITED AFTER ELIGIBILITY, BUT PRIOR TO RECEIVING SERVICES	Number	13	1	3	1	5	-8	323
	Percent	46.4%	5.0%	20.0%	9.1%	21.7%	-61.5%	16.0%
Exited with employment	Number	9	9	4	2	6	-3	551
	Percent	32.1%	45.0%	26.7%	18.2%	26.1%	-33.3%	27.2%
Exited without employment	Number	4	8	6	6	9	5	725
	Percent	14.3%	40.0%	40.0%	54.5%	39.1%	125.0%	35.8%
TOTAL RECEIVING SERVICES	Number	13	17	10	8	15	2	1,276
	Percent	46.4%	85.0%	66.7%	72.7%	65.2%	15.4%	63.1%
EMPLOYMENT RATE		69.23%	52.94%	40.00%	25.00%	40.00%		43.18%

- As seen in table 5.B.2 below, only 40 percent of transition-age youth with service records closed in FY 2010 received vocational counseling and guidance services. This percentage ranged from a low of 25 percent to a high of 69.23 percent between FY 2006 and FY 2010. The percentage of transition-age youth nationally that received vocational counseling and guidance services was 78.06 in FY 2010.

Table 5.B.2
Counseling and Guidance Provided for DBVI Transition-Age Youth (TAY) Served
vs.
All Blind Agencies TAY Served from FY 2006 through FY 2010

Agency	Served: By services provided	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
DBVI	Number served: Vocational rehabilitation counseling and guidance	9	9	4	2	6
DBVI	Percent served: Vocational rehabilitation counseling and guidance	69.23%	52.94%	40.00%	25.00%	40.00%
All Blind Agencies	Number served: Vocational rehabilitation counseling and guidance	1015	1054	1033	965	996
All Blind Agencies	Percent served: Vocational rehabilitation counseling and guidance	74.6%	75.4%	74.4%	75.2%	78.06%

- RSA reviewed nine service records of the 23 service records closed in FY 2010 for transition-age youth who received services. All nine service records contained extensive documentation regarding services to develop skills of blindness, but only four contained documentation regarding vocational counseling or vocational goal development. While documentation existed in the form of service provider reports regarding the career exploration and work experience services purchased by DBVI, only a few service records

contained documentation that described the vocational counseling associated with these experiences and how they contributed to the vocational goal selected by the individual.

- Staff interviews regarding service provision were almost exclusively focused upon development of skills of blindness and other independent living skills.
- The DBVI section of the Interagency Agreement with the Department of Education included services to develop skills of blindness but barely mentioned services to obtain employment.

Recommendation 5.B.1: To improve its performance and increase the employment outcomes of transition-age youth with blindness or visual impairments, RSA recommends that DBVI:

- 5.B.1.1 provide all staff with guidance to incorporate vocational concepts into their work with an individual, no matter what professional role they fulfill;
- 5.B.1.2 provide all staff with guidance on identifying the vocational significance and relevance of the services provided with the individual and reflecting this discussion in documentation of the service provision;
- 5.B.1.3 revise its current State Plan goal for transition-age youth to provide a vocational emphasis; to make it specific, measurable, achievable, and relevant; and to contain a timeframe for achievement; and
- 5.B.1.4 consult with the Maine Parent Federation or blindness-related parent organizations to increase parent and family engagement in the VR process with the goal of maximizing parental expectations of transition-age youth and of maintaining or increasing student engagement in the VR process.

Technical Assistance

The RSA review team provided TA to DBVI in the area of transition services and employment outcomes for youth with disabilities while on-site in Maine.

The RSA team focused their TA activities on strategies to increase employment outcomes for transition-age youth with blindness or visual impairments. Such strategies included: increasing the frequency and documentation of vocational counseling and guidance; linking each service provided to the achievement of an employment goal; and ensuring that service providers assist in promoting expectations of employment. In addition, RSA suggested strategies for the engagement of parents in transition planning to expand and enhance their expectations for their child's future employment capabilities; and guidance, including the provision of training, to assist all staff in understanding and building capacity to implement successful approaches to providing transition services.

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:

- 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 benefits analysis reports.

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

Technical Assistance

RSA provided TA to DBVI related to this focus area during the course of its monitoring activities. Specifically, RSA made a presentation to DBVI fiscal staff regarding the reallocation process, Maintenance of Effort requirements, Match and MOE requirements. RSA staff also reviewed DBVI's Federal Financial Reports SF-269/SF-425 submissions in the RSA-MIS and compared the submitted data with the SF-269/SF-425 reporting requirements.

SECTION 6: COMPLIANCE FINDINGS AND CORRECTIVE ACTIONS

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

DBVI must develop a corrective action plan for RSA’s review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days from the issuance of this report and RSA is available to provide technical assistance to assist DBVI 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 Education Department General Administrative Regulations (EDGAR).

1. VR Representation on the State Workforce Investment Board

Legal Requirement:

- Workforce Investment Act (WIA) Requirements - 20 CFR 661.200(i)(3)

Finding:

The Maine Workforce Investment Act (WIA) strategic State Plan submitted to MDOL by the Maine Jobs Council (MJC) does not describe how the VR program is represented on the MJC and how the member of the State Board representing the VR program will effectively represent the interests, needs, and priorities of the VR program as required by 20 CFR 661.200(i)(3). The MJC is the body that serves as the statewide workforce investment board in Maine. This finding is based upon the information below.

- The DBVI state director is not aware of a Maine Jobs Council (MJC) member that represents DBVI on the council and is also not aware of provisions for a member to effectively represent the interests, needs and priorities of the program as required by 20 CFR 661.200 (i)(3).
- The MDOL strategic plan does not describe how the interests, needs and priorities of the VR program will be effectively represented by the commissioner of MDOL or another member of the MJC as required by 20 CFR 661.200(i)(3).

Corrective Action 1: DBVI must:

- 1.1 consult with the DSA and the MJC to develop a description of how DBVI interests, needs and priorities are to be effectively represented on the council;
- 1.2 include this description in the DBVI State Plan for Titles I and VI, part B, attachment 4.11d, State's Strategies; and
- 1.3 include this description in the Maine State Plan required by the Workforce Investment Act.

2. Program Income Disbursement

Legal Requirement:

- EDGAR - 34 CFR 80.21(f)(2)

Finding:

DBVI is not in compliance with 34 CFR 80.21(f)(2) which requires grantees to disburse program income prior to requesting additional cash payments. This means that DBVI must disburse all program income prior to requesting a drawdown of additional federal VR funds. RSA reviewed DBVI's SF-425 reporting for FY 2010 and found that the agency had unexpended program income available when additional cash payments were requested. As a result, DBVI drew down additional federal VR funds to cover expenditures while program income remained available for disbursement. Table 6.1 below includes the program income data DBVI reported on its FY 2010 SF-425 reports for the VR program.

Table 6.1
DBVI FY 2010 SF-425 Program Income Reported

Fiscal Year	Quarter	[10l] Total Federal Program Income Earned	[10n] Federal Program Income Expended - Addition Alternative	[10o] Unexpended Federal Program Income (line l - line m or n)	[12e] Federal Program Income Transferred
2010	1	126,014	11,667	114,347	0
2010	2	126,014	0	126,014	0
2010	3	47,826	0	47,826	0
2010	4	284,085	0	284,085	0
2010	5	284,085	0	284,085	0
2010	6	284,085	2,938	281,147	0
2010	7	284,085	89,207	194,878	0

These data indicate that DBVI maintained a significant amount of unexpended program income between the 4th and 7th quarters reported for FY 2010. To verify this finding, RSA monitoring staff compared the amount of funds drawdown by DBVI, per the Department of Education's G5 Grant's Management System, with the amount of program income funds available for

expenditure for FY 2010 (4th – 7th quarters). The results of the comparison clearly showed that DBVI, on multiple occasions, drew down additional federal VR funds while there was a positive balance of undisbursed program income available.

Corrective Actions 2: DBVI must:

- 2.1 cease drawing down federal VR funds prior to disbursing all available program income; and
- 2.2 provide a written assurance to RSA, within 10 days of the final monitoring report, that it will disburse all program income before drawing down any federal VR funds as required by 34 CFR 80.21(f)(2).

3. Unallowable Costs

Legal Requirements:

- VR Program Regulations – 34 CFR 361.12
- EDGAR - 34 CFR 80.12(a); 34 CFR 80.20(a); 34 CFR 80.22(a); 34 CFR 80.40(a); 34 CFR 76.560(b)
- OMB Circulars - 2 CFR 225, Appendix A, C.1. & 3.a.

Finding:

As a recipient of federal funds, DBVI must administer the VR program, in such a manner that ensures the proper expenditure and accounting of federal funds and the proper collection and reporting of all federal funds (34 CFR 361.12 and 34 CFR 80.20(a)). DBVI must ensure that federal funds are spent solely for allowable costs (34 CFR 80.22(a)) and in a manner consistent with the federal cost principles. Although indirect costs are generally allowable under the VR program, DBVI must have an approved indirect cost rate agreement in place before it can charge indirect costs (34 CFR 76.560(b) and 2 CFR 225, Appendix A, paragraph C.3.d). Without such an agreement in place, DBVI is not permitted to charge indirect costs to the VR program. Since DBVI did not have an approved indirect cost rate, the indirect costs DBVI reported charging against the VR program in FYs 2009 and 2010 are not allowable or allocable to the VR program.

DBVI's last approved indirect cost rate agreement covered a three year period (7/2005-6/2008). However, for FY 2009, DBVI reported charging \$217,261 in indirect costs to the VR program. The agency did not have an approved indirect cost rate or cost allocation plan and, therefore, the charges are unallowable. Table 6.2 below contains the indirect cost charges reported by DBVI in FY 2010.

Table 6.2
DBVI FY 2010 Indirect Cost Expenditures Charged to VR Program

Fiscal Year	Quarter	Base	Federal Share
2010	1	14,838	14,838
2010	2	44,730	44,730
2010	3	79,613	79,613
2010	4	16,334	16,334
2010	5	97,004	97,004
2010	6	1,993,487	167,616
2010	7	0	0
Total			420,135

The amount entered for indirect costs in the 4th quarter report was less than the amount reported for the 3rd quarter. This indicates that DBVI was not reporting a cumulative amount of indirect costs charged. Only the indirect costs charged for the quarter were reported on the SF-425. As a result, the amount of indirect costs charged would be the total of all the quarterly amounts reported for FY 2010 (\$420,135). Since DBVI did not have an approved indirect cost rate or cost allocation plan, these charges represent unallowable costs. It should also be noted that DBVI's FY 2011 SF-425 report indicates that additional unallowable indirect costs were charged to the FY 2011 VR award.

Corrective Action 3: DBVI must:

- 3.1 cease charging indirect costs to VR without an approved indirect cost rate or cost allocation plan approved by the cognizant agency;
- 3.2 submit a written assurance to RSA within 10 days after the final report is issued that only an approved indirect cost rate or cost allocation plan shall be used in charging the grant, as required by the federal cost principles at 2 CFR 225. In addition, DBVI must assure that it will administer the program in a proper and efficient manner that ensures the proper expenditure and accounting of funds, as required by 34 CFR 361.12 and 34 CFR 80.12(a); and
- 3.3 submit revised SF-269 and SF-425 reports in accordance with an approved Corrective Action Plan.

4. Financial Reporting

Legal Requirements:

- VR Program Regulations - 34 CFR 361.12; 34 CFR 361.63(c)(2)
- EDGAR - 34 CFR 80.20(a); 34.CFR 80.25; 34 CFR 80.40

Finding:

DBVI is not in compliance with 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 (FFR). As part of the monitoring process, RSA staff reviewed the financial information entered into the RSA-MIS by DBVI staff.

The following issues were noted in regard to table 6.1 included in Finding 2 above:

- The total program income reported as received in the 1st and 2nd quarters of FY 2010 equals \$126,014. In the first quarter, the report shows \$11,667 of program income was expended with a remaining balance of \$114,347. For the 2nd reporting period, no additional program income was received. However, the unexpended program income has increased from the 1st quarter.
- The totals reported on the SF-425 are to be cumulative. However, the amount of program income reported as received on the 3rd quarter report (\$47,826) clearly do not include the previous amounts of program income received (\$126,014).

Program income is considered earned in the fiscal year in which the funds are actually received by the grantee (34 CFR 361.63; 34 CFR 80.25). Therefore, the amount of program income reported for a given FY should not change after the grantee submits its 4th quarter (September 30th) report for that fiscal year. A review of program income reported using SF-269s identified the following issues with regard to the amount of program income received:

- The FY 2008 fourth quarter SF-269 indicated that DBVI earned \$197,873 in program income. The FY 2008 Final SF-269 reported this amount as \$0.
- The FY 2009 fourth quarter SF-269 indicated that DBVI earned \$183,462 in program income. The FY 2009 Final SF-269 reported this amount as \$191,710.

In addition, the reporting issues below were identified:

- A review of on-site documentation found that the federal share of expenditures for the 4th quarter FY 2010 was \$786,278. However, DBVI staff incorrectly reported the amount on the SF-425 as \$2,261,387.
- The FY 2008 4th quarter SF-269 indicated that DBVI had expended \$961,522 toward meeting its non-federal share, with \$0 reported as the recipient share of unliquidated obligations. DBVI's reporting of no outstanding non-federal unliquidated obligations indicates that DBVI had disbursed the non-federal share of expenditures for match purposes under the VR program for that fiscal year. In contradiction to the 4th quarter report indicating that the non-federal share had been expended, the FY 2008 final report indicated an increase in the recipient share of unliquidated obligations of \$126,117. If all the funds had been disbursed as reported, there would not be unliquidated obligations. Similarly, the FY 2010 4th quarter SF-425 indicated that DBVI had expended \$951,278 toward the non-federal share, with \$0 in recipient share of unliquidated obligations still

outstanding. However, during the same year, DBVI's FY 2010 final report indicated an increase in the recipient share of unliquidated obligations of \$7,893.

- For the amount of program income disbursed reported on the 7th quarter FY 2009 SF-269, DBVI staff entered a negative number. As a result, the amount shown as disbursed was incorrectly added to the total amount of program income realized.
- DBVI staff did not enter the required SF-269 indirect cost data for FY 2009. The reports did not include the type of indirect cost rate, the amount of the indirect cost base, or rate.

Corrective Action 4: DBVI must:

- 4.1 cease submitting inaccurate federal financial reports, specifically, SF-269s and SF-425s;
- 4.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that DBVI will ensure the accuracy of future financial reports, including the reporting of program income on the SF-425 reports as required by 34 CFR 361.12 and 34 CFR 80.20; and
- 4.3 correct the SF-269 and SF-425 reporting issues identified above and any additional reporting issues that may be identified during the development and implementation of the Corrective Action Plan.

5. Internal Controls

Legal Requirements:

- VR Program Regulations - 34 CFR 361.3; 34 CFR 361.12; 34 CFR 361.40(a)
- EDGAR - 34 CFR 80.20(a); 34 CFR 80.40(a)
- OMB Circulars - 2 CFR 225, Appendix A, C.1. & 3.a.

Finding:

DBVI is not in compliance with 34 CFR 361.12 and 34 CFR 80.20(a) because DBVI does not utilize methods of administration to ensure the proper administration of the VR program and accurate accounting of VR funds, including the ability to track the expenditure of funds to the VR program.

RSA reviewed DBVI's contracts with the State of Maine, Department of Labor and the Iris Network. The contracts included budgets that were submitted by the Iris Network and approved by DBVI. The budgets identify the associated costs in broad categories (e.g., salaries, fringe benefits, equipment, transportation, management & general, food and kitchen, etc.). The budgets did not provide sufficient details to ensure that costs billed under the categories were allowable VR costs. The supporting documentation submitted with the invoices consisted of an excel spreadsheet with a breakdown of sub categories for each budget category and an amount. The documentation was not sufficient to ensure the invoiced costs were allowable VR program costs. DBVI reimbursed the Iris Network for costs submitted with no receipt.

The issues below were noted when reviewing the Iris Network contract and invoices.

- The budgeted costs for management and general expenses do not permit DBVI to ensure that invoiced costs are allowable VR program costs. The contract ending June 30, 2011 included a line item budget of \$64,209.00 for management and general expenses. The excel spreadsheet describes management and expenses specifically as bank fees, professional fees and dues, legal fees, etc. There was no supporting documentation that these costs were allowable VR costs. Additionally, DBVI did not have a process to determine whether such costs were allowable VR expenditures.
- The budgeted costs for transportation of \$67,700.00 did not include any documentation to justify the transportation costs. During the onsite review, DBVI staff interviewed indicated they believed the transportation costs were for mileage. However, no mileage logs had been viewed by DBVI.
- The Iris Network included \$109,654 in indirect costs in its budget, which was paid for by DBVI under the contract. The budget sheets, without additional documentation, are not sufficient to determine the basis for the indirect costs or whether those costs were allowable, allocable and reasonable.
- Monthly invoices submitted by the Iris Network include an amount, date, payment period, and total amount due. The invoices do not include a description of what services were provided during the payment period or a breakdown of the amount charged for the services. As noted in the 2008 Maine monitoring report, DBVI should strengthen its internal controls over contractual agreements to require supporting documentation for payments to be approved. The limited information contained on the invoices is not sufficient for DBVI to determine whether the services provided are allowable.
- The budgeted costs for equipment did not have any supporting documentation to determine what equipment was purchased or whether the equipment purchased was an allowable VR expenditure. The budget also included costs for depreciation of the purchased equipment. There was no justification provided as to why depreciation would be paid for equipment purchased with VR funds.

The examples listed above demonstrate that DBVI cannot ensure it expends and accounts for VR grant funds in accordance with the laws and procedures for expending and accounting for VR grant funds as required by 34 CFR 80.20(a). Moreover, DBVI cannot ensure its ability to trace the expenditure of VR funds to a level of expenditures adequate to establish that such funds have been spent in accordance with federal requirements, and therefore, RSA finds that DBVI has not complied with 34 CFR 361.12 and 34 CFR 80.20(a).

Corrective Action 5: DBVI must:

- 5.1 cease using VR funds to pay unallowable costs or costs that lack the supporting documentation necessary to ensure that such costs are allowable;
- 5.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that DBVI will ensure VR funds are expended only for allowable costs and ensure supporting documentation is maintained for VR expenditures;
- 5.3 develop and implement policies and procedures for maintaining and verifying supporting documentation for VR expenditures (incurred by both DBVI and its contractors), and

ensuring that funds are not used in violation of restrictions and prohibitions or applicable statutes, and that all program assets are maintained and accounted for, and used solely for authorized purposes.

6. Failure to Monitor Grant Activities

Legal Requirement:

- VR Program Regulations - 34 CFR 361.3; 34 CFR 361.12; 34 CFR 361.40(a)
- EDGAR - 34 CFR 80.20(a); 34 CFR 80.40(a)
- OMB Circulars - 2 CFR 225, Appendix A, C.1. & 3.a.

Finding:

DBVI is not in compliance with 34 CFR 80.40(a) because it does not conduct monitoring activities of its contracts to ensure that grant-supported activities performed by the contractors comply with applicable federal requirements, and that performance goals are achieved.

As the recipient of federal funds, DBVI is required to monitor and manage the daily operations of all grant-supported activities (34 CFR 80.40(a)). The agreement to purchase services, between the State of Maine, Department of Labor and the Iris Network, constitute grant-supported activities and must be monitored by DBVI to ensure that the Iris Network comply with all applicable federal requirements. DBVI does not have monitoring procedures in place that could have been used to monitor the services provided by the Iris Network to ensure that funds expended were for allowable services for applicants or eligible consumers of the VR program. DBVI's failure to adequately monitor the activities under the contract, as required by 34 CFR 80.40(a), resulted in charging expenditures to the VR program that were not allowable, as discussed in Finding 5 above. Therefore, DBVI has not complied with 34 CFR 80.40 and has not ensured that grant-supported activities conducted by the contractors comply with applicable federal requirements.

Corrective Action 6: DBVI must:

- 6.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that DBVI will comply with 34 CFR 80.40(a) and monitor all grant supported activities to ensure compliance with applicable federal requirements and that performance goals are achieved;
- 6.2 develop and implement policies and procedures to monitor the activities and services of all contracts to ensure that services provided are allowable under the VR program; and
- 6.3 evaluate the contractor's performance against pre-established performance measures to ensure the contractor is providing quality services in a timely manner.

APPENDIX A: AGENCY RESPONSE

Section 4: Results of Prior Monitoring Activities

DBVI requests additional technical assistance described below to enable it to carry out the following recommendations and/or compliance findings identified in the FY 2008 monitoring report.

Recommendations

1. Identify those individuals who have not received services through the CNA
2. Increase the number of transition-age youth served and receiving employment outcomes
3. Develop a strategic planning process with SRC and stakeholders
4. Develop and institute a training program on the roles and responsibilities of the SRC
5. Internal Controls

Additional TA requested: DBVI did not request technical assistance.

Corrective Actions

No Corrective Actions were required.

Section 5: Focus Areas

A. Organizational Structure

Observation 5.A.1: Maine Statute Lacks Clarity and/or Consistency in VR Program Administration Responsibilities and Non-delegable Functions

Recommendation 5.A.1: RSA recommends that DBVI:

- 5.A.1.1 seek revision of the relevant sections of the statute to clearly delineate the role of DBVI in exercising the administrative responsibility for the VR program serving individuals who are blind or visually impaired as required by the regulations found at 34 CFR §361.13(c).

Agency Response: The agency recognizes the concerns raised and is planning to address and work on these recommendations internally.

Technical Assistance: DBVI does not request technical assistance.

Observation 5.A.2: Maine Statute Assigns DSU Responsibilities to the DSA

Recommendation 5.A.2: RSA recommends that DBVI:

5.A.2.1 seek revision of the relevant sections of the statute to reconcile the language of the statute and the actual performance of the non-delegable functions by the DSU as required in the regulations found at 34 CFR 361.13(c)(1); and to remove the mandatory reference to the commissioner's responsibility for those required DSU functions.

Agency Response: The agency recognizes the concerns raised and is planning to address and work on these recommendations internally.

Technical Assistance: DBVI does not request technical assistance.

Observation 5.A.3: Inaccurate and Incomplete Description of the DBVI Director Duties

Recommendation: RSA recommends that DBVI:

5.A.3.1 revise the position description of the DBVI director to more accurately reflect the duties and responsibilities of the position in a manner generally consistent with the scope and complexity of description of duties and responsibilities outlined in the position description for the DVR director.

Agency Response: DBVI, through the Director of the Bureau of Rehabilitation Services, has begun the process of revising the position description of the DBVI Director to more accurately reflect the duties and responsibilities of the position in a manner generally consistent with the scope and complexity of a RSA DSU director.

Technical Assistance: DBVI does not request technical assistance.

B. Transition Services for Youth with Disabilities

Observation 5.B.1: Low Employment Outcomes for Transition-Age Youth

Recommendations: To improve its performance and increase the employment outcomes of youth with blindness or visual impairments, RSA recommends that DBVI:

- 5.B.1.1 provide all staff with guidance to incorporate vocational concepts into their work with an individual, no matter what professional role they fulfill;
- 5.B.1.2 provide all staff with guidance on identifying the vocational significance and relevance of the services provided with the individual and reflecting this discussion in documentation of the service provision;
- 5.B.1.3 revise its current State Plan goal for transition-age youth to provide a vocational emphasis; to make it specific, measurable, achievable, and relevant; and to contain a timeframe for achievement; and
- 5.B.1.4 consult with the Maine Parent Federation or blindness-related parent organizations to increase parent and family engagement in the VR process with the goal of maximizing

parental expectations of transition-age youth and of maintaining or increasing student engagement in the VR process.

Agency Response: DBVI understands the observations contained within this section and appreciates RSA's recommendations. DBVI will work with staff to make sure that all relevant employment-specific activities provided to transition-aged youth are clearly articulated and easy to locate in the client case record. In addition, DBVI is working on a variety of strategies to improve employment opportunities for transition-aged youth which will be spelled out in detail in our State Plan. Furthermore, we are currently working with the Maine chapter of the National Association of Parents of the Visually Impaired to further engage parents in our transition programming.

Technical Assistance: DBVI does not request technical assistance.

Section 6: Compliance Findings and Corrective Actions

1. VR Representation on the State Workforce Investment Board

Corrective Action 1: DBVI must:

- 1.1 consult with the DSA and the MJC to develop a description of how DBVI interests, needs and priorities are to be effectively represented on the council;
- 1.2 include this description in the DBVI State Plan for Titles I and VI part B, attachment 4.11d, State's Strategies; and
- 1.3 include this description in the Maine State Plan required by the Workforce Investment Act.

Agency Response: The State Workforce Investment Board in Maine has been going through some changes with the arrival of a new gubernatorial administration. DBVI has just recently received assurances that Maine's VR programs will have a designated seat on this board beginning with the November, 2011, meeting of this board.

Technical Assistance: DBVI does not request technical assistance.

2. Program Income Disbursement

Corrective Action 2: DBVI must:

- 2.1 cease drawing down federal VR funds prior to disbursing all available program income; and
- 2.2 provide a written assurance to RSA, within 10 days of the final monitoring report, that it will disburse all program income before drawing down any federal VR funds as required by 34 CFR 80.21(f)(2).

Agency Response: Maine has been following the regulation at 31 CFR 361.64 that states "*any program income received during a fiscal year that is not obligated by the State by the beginning of the succeeding fiscal year remain available for obligation by the State during that succeeding fiscal year.*"

In addition, the electronic reporting computer system provides an pop-up message that reads in part, "If reporting for the fiscal year end, the amount of program income reported here is available for obligation and expenditure during the subsequent Federal fiscal year," when completing a SF-269 expenditure report.

The State was not notified that this process was no longer going to be allowed when RSA began using the SF-425 expenditure report.

Maine received a copy of Commissioner Rutledge's August 2011 response to the Council of State Administrators of Vocational Rehabilitation. Since then, we have reduced our federal draw by the amount of the program income received. We will continue this process going forward.

The Bureau of Rehabilitation Services is currently reviewing the reporting changes needed for program income received in federal fiscal years 2010 and 2011. We expect that all program income not yet expended will be reported as expended on the reports due on March 31, 2012. We do not believe that corrective action can be fully implemented in time for the September 30, 2011 reports.

RSA Response: The regulation at 34 CFR 361.64 does not negate the EDGAR requirement that program income be disbursed prior to drawing down federal funds. In a situation where program income is received in September (last month of the fiscal year) in the year that funds are awarded, it is possible that the program income may exceed expenditures that the agency incurs through that month. In this instance, the program income can be carried over into the second year (regardless of whether or not federal funds have been carried over during that same time period), and are therefore available for obligation in year two. However, this is not in conflict with regulations at 34 CFR 80.21(f)(2) that the program income must be disbursed prior to drawing down additional federal funds. The finding stands as it was originally written. The required assurance was not submitted with this response. As indicated in the corrective action, the assurance must be submitted within 10 days of the issuance of the final report. RSA is available to provide TA on complying with this requirement.

Technical Assistance: DBVI does not request technical assistance.

3. Unallowable Costs

Corrective Action 3: DBVI must:

- 3.1 cease charging indirect costs to VR without an approved indirect cost rate or cost allocation plan approved by the cognizant agency;
- 3.2 submit a written assurance to RSA within 10 days after the final report is issued that only an approved indirect cost rate or cost allocation plan shall be used in charging the grant, as required by the federal cost principles at 2 CFR 225. In addition, DBVI must assure that it will administer the program in a proper and efficient manner that ensures the proper expenditure and accounting of funds, as required by 34 CFR 361.12 and 34 CFR 80.12(a); and

3.3 submit revised SF-269 and SF-425 reports in accordance with an approved Corrective Action Plan.

Agency Response: The State of Maine's Department of Labor is still awaiting the federal Department of Labor's approval for the indirect cost rate proposal for state fiscal years 2009, 2010, 2011 and 2012. We have been working with the federal Department of Labor for months on this issue.

The State of Maine is unable to submit revised reports until the indirect cost rates are approved as there is no general fund allotment available to pay for these indirect costs.

RSA Response: RSA maintains the finding based on the facts presented in the report. DBVI must undertake the corrective actions specified therein to resolve the finding and cease charging indirect costs to VR without an approved indirect cost rate or cost allocation plan approved by the cognizant agency. The required assurance was not submitted with this response. As indicated in the corrective action, the assurance must be submitted within 10 days of the issuance of the final report.

Technical Assistance: DBVI does not request technical assistance.

4. Financial Reporting

Corrective Action 4: DBVI must:

- 4.1 cease submitting inaccurate federal financial reports, specifically, SF-269s and SF-425s;
- 4.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that DBVI will ensure the accuracy of future financial reports, including the reporting of program income on the SF-425 reports as required by 34 CFR 361.12 and 34 CFR 80.20; and
- 4.3 correct the SF-269 and SF-425 reporting issues identified above and any additional reporting issues that may be identified during the development and implementation of the Corrective Action Plan.

Agency Response: Due to staff turnover, the expenditure reports were not consistent when reporting program income. We will correct the program income portion of all reports listed by the end of October 2011.

The expenditure reports as of March 31, 2012 and going forward will be accurate.

RSA Response: RSA appreciates the steps that DBVI will take to address the finding. However, in addition to correcting the program income portion of all reports, DBVI must correct the following issues related to financial reporting:

- Enter the required SF-269 indirect cost data for FY 2008.

- Enter the correct federal share of expenditures reported on the FY 2010 fourth quarter SF-425.
- Enter the correct amount of unliquidated obligations for the FY 2008 4th quarter SF-269 and the FY 2010 4th quarter unliquidated obligations.

The finding stands as it was originally written. The required assurance was not submitted with this response. As indicated in the corrective action, the assurance must be submitted within 10 days of the issuance of the final report.

Technical Assistance: DBVI does not request technical assistance.

5. Internal Controls

Corrective Action 5: DBVI must:

- 5.1 cease using VR funds to pay unallowable costs or costs that lack the supporting documentation necessary to ensure that such costs are allowable;
- 5.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that DBVI will ensure VR funds are expended only for allowable costs and ensure supporting documentation is maintained for VR expenditures; and
- 5.3 develop and implement policies and procedures for maintaining and verifying supporting documentation for VR expenditures (incurred by both DBVI and its contractors), and ensuring that funds are not used in violation of restrictions and prohibitions or applicable statutes, and that all program assets are maintained and accounted for, and used solely for authorized purposes.

Agency Response: DBVI will provide a written assurance to RSA within 10 days of receipt of the final monitoring report that will address all of the findings in section 5 – Internal Controls. DBVI will strengthen its internal control by requesting that each vendor submit supporting documentation that itemizes each cost in their budget so that DBVI will know what each cost is comprised of. Prior to entering into a contract, the vendor must demonstrate that the costs listed are directly connected to the VR services that they will provide. Once the budget is reviewed and only costs that are determined to be allowable, reasonable and necessary for the VR services are included, DBVI will enter into a contract with the vendor.

DBVI’s monitoring procedures will include verification of receipts of the expenditures that are for the VR activities specified in the contract, prior to utilizing VR funds for payment.

Vendors are currently required to provide an annual audit to DBVI.

RSA Response: RSA appreciates the steps that the agency will take to address this finding, specifically that DBVI “...will require vendors to provide itemized invoices that describe in sufficient detail the contractual expenditures for [its] review to ensure that they are reasonable, necessary and allowable as VR costs.” However, in response to the draft finding, DBVI did not provide any additional information or supporting documentation that would necessitate changing

the finding. Therefore, the finding remains unchanged and DBVI is required to comply with all corrective actions associated with the finding.

Technical Assistance: DBVI does request technical assistance.

6. Failure to Monitor Grant Activities

Corrective Action 6: DBVI must:

- 6.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that DBVI will comply with 34 CFR 80.40(a) and monitor all grant supported activities to ensure compliance with applicable federal requirements and that performance goals are achieved;
- 6.2 develop and implement policies and procedures to monitor the activities and services of all contracts to ensure that services provided are allowable under the VR program; and
- 6.3 evaluate the contractor's performance against pre-established performance measures to ensure the contractor is providing quality services in a timely manner.

Agency Response: DBVI will submit a written assurance to RSA within 10 days of receipt of the final monitoring report that will address all of the findings in section 6 – failure to monitor grant activities. DBVI's current procedure includes a review of the proposed services during the contract negotiations by qualified staff, who are familiar with the federal regulations as they pertain to the VR program. Before entering a contract, the staff determines that each service is allowable and in compliance with federal requirements.

Once DBVI enters into the contract, the procedure is to monitor the progress towards the targeted performance goals on a monthly basis. The vendor is required to submit itemized reports which include each VR consumer and the number of hours of service that were provided to that consumer.

Each month the performance goals are reviewed and the focus is on areas where the goals are not being met. DBVI and the vendor then strategize how to best address the unmet goals utilizing field staff on a statewide basis. The activities are adjusted accordingly until the next monthly review.

The vendor sends out a survey to determine the satisfaction of the consumer regarding the service provision. DBVI uses this survey tool to monitor the quality of the service.

RSA Response: RSA appreciates that DBVI will establish tighter monitoring procedures. However, to ensure fiscal accountability for grant activities charged to VR, it is important to use pre-established performance measures to ensure that services have actually been rendered. RSA considers DBVI's acknowledgement of refunds received, at the conclusion of a grant period, to be an indication that payments are being authorized for services not rendered. In response to the draft finding, DBVI did not submit any additional information or supporting documentation that

would necessitate changing the finding. Therefore, the finding remains unchanged and DBVI is required to comply with all corrective actions associated with the finding.

Technical Assistance: DBVI does not request technical assistance.

APPENDIX B: LEGAL REQUIREMENTS

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

Workforce Investment Act

20 CFR 661.200(i)(3) What is the State Workforce Investment Board?

(i) For the programs and activities carried out by One-Stop partners, as described in WIA section 121(b) and 20 CFR 662.200 and 662.210, the State Board must include:

...

(3) If the director of the designated State unit, as defined in section 7(8)(B) of the Rehabilitation Act, does not represent the State Vocational Rehabilitation Services program (VR program) on the State Board, then the State must describe in its State Plan how the member of the State Board representing the VR program will effectively represent the interests, needs, and priorities of the VR program and how the employment needs of individuals with disabilities in the State will be addressed.

VR Program Regulations

34 CFR 361.3

The Secretary makes payments to a State to assist in—

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

34 CFR 361.12

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 361.40(a)

(a) The State plan must assure that the designated State agency will submit reports, including reports required under sections 13, 14, and 101(a)(10) of the Act—

- (1) In the form and level of detail and at the time required by the Secretary regarding applicants for and eligible individuals receiving services under this part; and
- (2) In a manner that provides a complete count (other than the information obtained through sampling consistent with section 101(a)(10)(E) of the Act) of the applicants and eligible individuals to-
 - (i) Permit the greatest possible cross-classification of data; and
 - (ii) Protect the confidentiality of the identity of each individual.

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 (EDGAR)

34 CFR 76.560(b)

A grantee must have a current indirect cost rate agreement to charge indirect costs to a grant. to obtain an indirect cost rate, a grantee must submit an indirect cost proposal to its cognizant agency and negotiate an indirect cost rate agreement.

34 CFR 80.12(a)

- (a) A grantee or subgrantee may be considered “high risk” if an awarding agency determines that a grantee or subgrantee:
 - (1) Has a history of unsatisfactory performance, or
 - (2) Is not financially stable, or
 - (3) Has a management system which does not meet the management standards set forth in this part, or
 - (4) Has not conformed to terms and conditions of previous awards, or
 - (5) Is otherwise not responsible; and if the awarding agency determines that an award will be made, special conditions and/or restrictions shall correspond to the high risk condition and shall be included in the award.

34 CFR 80.20(a)

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

34 CFR 80.21(f)(2)

Except as provided in paragraph (f)(1) of this section, grantees and subgrantees shall disburse program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments.

34 CFR 80.22(a)

Limitation on use of funds. Grant funds may be used only for: (1) the allowable cost of the grantees, subgrantees and cost-type contractors, including allowable costs in the form of payments to fixed-price contractors; and (2) reasonable fees or profit to cost-type contractors but not any fee or profit (or other increment above allowable costs) to the grantee or the

subgrantee.

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.
- (c) *Cost of generating program income.* If authorized by Federal regulations or the grant agreement, costs incident to the generation of program income may be deducted from gross income to determine program income.
- (d) *Governmental revenues.* Taxes, special assessments, levies, fines, and other such revenues raised by a grantee or subgrantee are not program income unless the revenues are specifically identified in the grant agreement or Federal agency regulations as program income.
- (e) *Royalties.* Income from royalties and license fees for copyrighted material, patents, and inventions developed by a grantee or subgrantee is program income only if the revenues are specifically identified in the grant agreement or Federal agency regulations as program income. (See §80.34.)
- (f) *Property.* Proceeds from the sale of real property or equipment will be handled in accordance with the requirements of §§80.31 and 80.32.
- (g) *Use of program income.* Program income shall be deducted from outlays which may be both Federal and non-Federal as described below, unless the Federal agency regulations or the grant agreement specify another alternative (or a combination of the alternatives). In specifying alternatives, the Federal agency may distinguish between income earned by the grantee and income earned by subgrantees and between the sources, kinds, or amounts of income. When Federal agencies authorize the alternatives in paragraphs (g) (2) and (3) of this section, program income in excess of any limits stipulated shall also be deducted from outlays.
 - (1) *Deduction.* Ordinarily program income shall be deducted from total allowable costs to determine the net allowable costs. Program income shall be used for current costs unless the Federal agency authorizes otherwise. Program income which the grantee did not anticipate at the time of the award shall be used to reduce the Federal agency and grantee contributions rather than to increase the funds committed to the project.
 - (2) *Addition.* When authorized, program income may be added to the funds committed to the grant agreement by the Federal agency and the grantee. The program income shall be used for the purposes and under the conditions of the grant agreement.
 - (3) *Cost sharing or matching.* When authorized, program income may be used to meet the

cost sharing or matching requirement of the grant agreement. The amount of the Federal grant award remains the same.

- (h) *Income after the award period.* There are no Federal requirements governing the disposition of program income earned after the end of the award period (i.e., until the ending date of the final financial report, see paragraph (a) of this section), unless the terms of the agreement or the Federal agency regulations provide otherwise.

34 CFR 80.40(a)

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

OMB Circulars

2 CFR part 225, Appendix A, C.1. & 3.a.

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

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

...

3. Allocable costs.

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