

**FISCAL YEAR 2013
MONITORING REPORT
ON THE
CONNECTICUT BUREAU OF EDUCATION
AND SERVICES FOR THE BLIND
VOCATIONAL REHABILITATION
PROGRAM**



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

JANUARY 23, 2014

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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 Connecticut Bureau of Education and Services for the Blind (BESB) in federal fiscal year (FY) 2013, 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 June 24 through 27, 2013, is described in detail in the [FY 2013 Monitoring and Technical Assistance Guide for the Vocational Rehabilitation Program](#).

Emerging Practices

Through the course of its review, RSA collaborated with BESB, the State Rehabilitation Council (SRC), the Technical Assistance and Continuing Education (TACE) center and other stakeholders to identify the emerging practice below implemented by the agency to improve the performance and administration of the VR program.

Transition

- **Mentoring Practices for Transition-Age Youth:** BESB offers structured prevocational opportunities involving both its Children's Services Division and the VR Division that promote a seamless transition from school to work. Mentoring by former adult VR consumers who successfully secured employment in both the private and public sectors is a prominent feature of the prevocational opportunities provided by BESB.

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

Summary of Observations

RSA's review of BESB did not result in the identification of observations and recommendations.

Summary of Compliance Findings

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

- BESB is not meeting its established nine-month time line when developing individualized plans for employment (IPE) for transition-age youth.
- BESB policy permits the provision of post-secondary coursework at community colleges, a VR service, to transition-age youth prior to developing IPEs.
- BESB's representation on the State Workforce Investment Board is not consistent with Workforce Investment Act program regulations that the mandatory federal partners be represented.
- BESB did not have an indirect cost rate approved by its cognizant federal agency and under-reported its expenditures from non-federal sources under the state plan, including non-federal expenditures used to support indirect costs assigned to the VR program.

Development of the Technical Assistance Plan

RSA will collaborate closely with BESB and the New England TACE (NE TACE) to develop a plan to address the technical assistance needs identified by BESB in Appendix A of this report. RSA, BESB and NE TACE will conduct a teleconference within 60 calendar days following the publication of this report to discuss the details of the technical assistance needs, identify and assign specific responsibilities for implementing technical assistance and establish initial

timeframes for the provision of the assistance. RSA, BESB 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 Joan Ward (Data Collection and Analysis Unit); Adrienne Grierson and David Steele (Fiscal Unit); Joe Doney (Technical Assistance Unit); and, Sandy DeRobertis, Zera Hoosier and Ed West (Vocational Rehabilitation Program Unit). Although not all team members participated in the on-site visit, each contributed to the gathering and analysis of information, along with the development of this report.

Acknowledgements

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

SECTION 2: PERFORMANCE ANALYSIS

This analysis is based on a review of the programmatic and fiscal data contained in Tables 2.1 and 2.2 below and is intended to serve as a broad overview of the VR program administered by BESB. 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 programmatic or fiscal trends. In addition, the data in Table 2.1 measure performance based on individuals who exited the VR program during federal fiscal years 2008 through 2012. Consequently, the table and accompanying analysis do not provide information derived from BESB open service records including that related to current applicants, individuals who have been determined eligible and those who are receiving services. BESB may wish to conduct its own analysis, incorporating internal open caseload data, to substantiate or confirm any trends identified in the analysis.

Performance Analysis

VR Program Analysis

**Table 2.1
BESB Program Performance Data for FY 2008 through FY 2012**

All Individual Cases Closed	Number, Percent, or Average	2008	2009	2010	2011	2012	Change from 2008 to 2012	Agency Type 2012
TOTAL CASES CLOSED	Number	159	139	166	175	142	-17	13,705
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	-10.7%	100.0%
Exited as an applicant	Number	1	4	2	0	1	0	2,646
	Percent	0.6%	2.9%	1.2%	0.0%	0.7%	0.0%	19.3%
Exited during or after trial work experience/extended evaluation	Number	0	0	0	0	0	0	149
	Percent	0.0%	0.0%	0.0%	0.0%	0.0%		1.1%
TOTAL NOT DETERMINED ELIGIBLE	Number	1	4	2	0	1	0	2,795
	Percent	0.6%	2.9%	1.2%	0.0%	0.7%	0.0%	20.4%
Exited without employment after IPE, before services	Number	0	0	1	0	0	0	129
	Percent	0.0%	0.0%	0.6%	0.0%	0.0%		0.9%
Exited from order of selection waiting list	Number	0	0	0	0	0	0	4
	Percent	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%
Exited without employment after eligibility, before IPE	Number	6	12	23	22	16	10	1,389
	Percent	3.8%	8.6%	13.9%	12.6%	11.3%	166.7%	10.1%

All Individual Cases Closed	Number, Percent, or Average	2008	2009	2010	2011	2012	Change from 2008 to 2012	Agency Type 2012
TOTAL EXITED AFTER ELIGIBILITY, BUT PRIOR TO RECEIVING SERVICES	Number	6	12	24	22	16	10	1,522
	Percent	3.8%	8.6%	14.5%	12.6%	11.3%	166.7%	11.1%
Exited with employment	Number	130	103	99	112	111	-19	6,300
	Percent	81.8%	74.1%	59.6%	64.0%	78.2%	-14.6%	46.0%
Exited without employment	Number	22	20	41	41	14	-8	3,088
	Percent	13.8%	14.4%	24.7%	23.4%	9.9%	-36.4%	22.5%
TOTAL RECEIVED SERVICES	Number	152	123	140	153	125	-27	9,388
	Percent	95.6%	88.5%	84.3%	87.4%	88.0%	-17.8%	68.5%
EMPLOYMENT RATE	Percent	85.53%	83.74%	70.71%	73.20%	88.80%	3.83%	67.11%
Transition age youth	Number	17	13	31	25	25	8	1,956
	Percent	10.7%	9.4%	18.7%	14.3%	17.6%	47.1%	14.3%
Transition aged youth employment outcomes	Number	12	7	9	9	14	2	621
	Percent	9.2%	6.8%	9.1%	8.0%	12.6%	16.7%	9.9%
Competitive employment outcomes	Number	109	85	81	94	92	-17	5,467
	Percent	83.8%	82.5%	81.8%	83.9%	82.9%	-15.6%	86.8%
Supported employment outcomes	Number	5	2	3	1	3	-2	219
	Percent	3.8%	1.9%	3.0%	0.9%	2.7%	-40.0%	3.5%
Average hourly wage for competitive employment outcomes	Average	\$17.55	\$19.40	\$18.53	\$18.24	\$19.26	\$1.71	\$14.17
Average hours worked for competitive employment outcomes	Average	30.3	27.4	30.2	27.2	29.4	-0.9	31.2
Competitive employment outcomes at 35 or more hours per week	Number	57	39	44	37	45	-12	2,875
	Percent	43.8%	37.9%	44.4%	33.0%	40.5%	-21.1%	45.6%
Employment outcomes meeting SGA	Number	61	43	47	44	46	-15	2,198
	Percent	46.9%	41.7%	47.5%	39.3%	41.4%	-24.6%	34.9%
Employment outcomes with employer-provided medical insurance	Number	52	39	39	40	46	-6	1,269
	Percent	40.0%	37.9%	39.4%	35.7%	41.4%	-11.5%	20.1%

VR Performance Trends

Table 2.1 presents trends indicating both positive performance for individuals who exited BESB's VR program between FY 2008 and FY 2012, and performance trends indicating

potential risk to the VR program. These relative strengths and challenges were discussed with BESB staff, the most significant of which are summarized below.

Positive Trends

A high percentage of applicants were determined eligible for services during federal fiscal years 2008 through 2012, ranging from a high of 100 percent in FY 2011 to a low of 97.1 percent in FY 2009. In FY 2012, 99.3 percent of BESB's applicants were deemed eligible, compared to 79.6 percent of the individuals who applied for services from all agencies serving the blind and visually impaired.

Most significantly, BESB consistently maintained a high employment rate throughout the review period, ranging from a low of 70.7 percent in FY 2010 to a high of 88.8 percent in FY 2012. In comparison, the employment rate for all agencies serving the blind and visually impaired was 67.1 percent in FY 2012. Hence, BESB's employment rate that year was 32.3 percent, or 21.7 percentage points higher than the rate for all agencies serving the blind and visually impaired. In addition, from FY 2011 to FY 2012, BESB experienced a large decrease in the number of individuals whose cases were closed without achieving employment from 41 to 14, a difference of 27 individuals, or 65.9 percent. This contributed in large part to the increase in the employment rate between those two years from 73.2 percent in FY 2011 to 88.8 percent in FY 2012.

Also, BESB assisted a notably high percentage of the individuals whose cases were closed during the review period to achieve employment. In FY 2012, BESB assisted 78.2 percent of the individuals whose cases were closed to obtain employment, compared to 46.0 percent of the individuals whose cases were closed by all agencies that serve persons who are blind and visually impaired. Thus, BESB's performance was 70 percent, or 32.2 percentage points, higher than that for all similar type agencies.

Furthermore, BESB performed well with respect to those indicators assessing the quality of the employment outcomes achieved between FY 2008 and FY 2012. For example, individuals who obtained competitive employment earned an average hourly wage of \$17.55 in FY 2008, which increased by \$1.71, or 9.74 percent, to \$19.26 in FY 2012. In comparison, individuals served by all blind agencies in FY 2012 earned an average hourly wage of \$14.17, \$5.09, or 35.9 percent, below that for BESB consumers.

During the review period, the percentage of individuals whose cases were closed after achieving competitive employment, and who earned wages equal to or exceeding the level of substantial gainful activity (SGA) as defined by the Social Security Administration, ranged from a low in FY 2011 of 39.3 percent to a high in FY 2008 of 46.9 percent. In FY 2012, 41.4 percent of BESB's competitively employed consumers earned wages that met or exceeded the level of SGA, compared to 35.4 percent of the individuals served by all blind agencies and who achieved competitive employment.

Finally, throughout the review period, a relatively high percentage of BESB's consumers, whose cases were closed after achieving competitive employment, received employer-provided medical

insurance, ranging from a low of 35.7 percent in FY 2011 to a high of 41.4 percent in FY 2012. In FY 2012, only 20.1 percent of the individuals whose cases were closed by all agencies serving the blind and visually impaired after achieving competitive employment received these benefits.

VR Performance Trends Indicating Potential Risk

From FY 2008 through FY 2012, BESB experienced a decrease of 17, or 10.7 percent, in the total number of individuals whose cases were closed, from 159 to 142. This decrease in performance was most pronounced between FY 2011 and FY 2012, when this number fell by 33, or 18.6 percent, from 175, the highest number of cases closed during the review period.

In addition, the number of consumers who exited the VR program between FY 2008 and FY 2012 after the determination of eligibility, but before development of an individualized plan for employment (IPE), increased by ten individuals over the review period, from six in FY 2008 to 16 in FY 2012. However, there is no statistically significant difference between BESB’s performance in this area at 11.3 percent of all individuals whose cases were closed in FY 2012, and the 10.1 percent of total individuals whose cases were closed by all blind agencies that year.

The number of individuals BESB assisted to achieve employment fell by 14.6 percent during the review period, from 130 in FY 2008 to 111 in FY 2012. Regarding the quality of the outcomes achieved, the number of BESB’s consumers who achieved competitive employment fell by 17, or 15.6 percent, from 109 to 92 From FY 2008 to FY 2012. The total number of competitively employed consumers working 35 or more hours per week decreased by 12, or 21.1 percent, from 57, or 43.8 percent, in FY 2008 to 45, or 40.5 percent, in FY 2012. On the other hand, 45.6 percent of the individuals served by all blind agencies achieved competitive employment and work 35 or more hours per week in FY 2012.

Finally, BESB assisted very few individuals to achieve supported employment during the review period, ranging from a low of one in FY 2011, or 0.9 percent of the total competitive closures, to a high of five, or 3.8 percent of all competitive outcomes, in FY 2008. In FY 2012, BESB secured three supported employment closures, accounting for 2.7 percent of its total competitive closures, compared to the percentage for all agencies serving the blind and visually impaired of 3.5 percent in FY 2012.

Fiscal Analysis

The Agency Fiscal Profile data are based on the SF-269 and SF-425 reports submitted by the agency.

**Table 2.2
BESB Fiscal Performance Data for FY 2008 through FY 2012**

VR Fiscal Profile	Quarter	2008	2009	2010	2011	2012
Grant amount	4 th	2,992,067	3,274,730	3,274,506	3,264,241	5,686,728
	Latest/ Final*	2,992,067	3,274,730	3,274,506	3,264,241	
Total outlays	4 th	922,478	1,178,417	1,266,043	978,460	1,607,848
	Latest/ Final*	3,970,102	4,233,333	4,164,960	3,936,507	
Total unliquidated obligations	4 th	147,237	392,548	514,814	826,670	999,733

VR Fiscal Profile	Quarter	2008	2009	2010	2011	2012
	Latest/ Final*	0	0	0	218,188	
Federal share of expenditures	4 th	65,406	220,621	375,589	88,006	68,450
	Latest/ Final*	2,992,067	3,274,730	3,274,506	3,046,053	
Federal share of unliquidated obligations	4 th	26,274	391,741	463,592	826,670	999,733
	Latest/ Final*	0	0	0	218,188	
Total federal share	4 th	91,680	612,362	839,181	914,676	1,068,183
	Latest/ Final*	2,992,067	3,274,730	3,274,506	3,264,241	
Recipient share of expenditures	4 th	857,072	957,796	890,454	890,454	1,539,398
	Latest/ Final*	978,035	958,603	890,454	890,454	
Recipient share of unliquidated obligations	4 th	120,963	807	51,222	0	0
	Latest/ Final*	0	0	0	0	
Agency actual match (total recipient share)	4 th	978,035	958,603	890,454	890,454	1,539,398
	Latest/ Final*	978,035	958,603	890,454	890,454	
Agency required match (total recipient share required)	4 th	17,702	59,711	101,652	23,819	18,526
	Latest/ Final*	809,797	886,299	886,239	824,408	
Over/under match (remaining recipient share)	4 th	-960,333	-898,892	-788,802	-866,635	-1,520,872
	Latest/ Final*	-168,238	-72,304	-4,215	-66,046	
MOE **	4 th					
	Latest/ Final*		958,603	890,454	890,454	
Unobligated funds qualifying for carryover	4 th	2,900,387	2,662,368	2,435,325	2,349,565	4,618,545
	Latest/ Final*	0	0	0	0	
Total federal program income earned	4 th	23,723	182,753	30,034	0	0
	Latest/ Final*	23,723	182,753	30,034	0	
Total indirect costs	4 th	0	0	8,869	9,479	7,564
	Latest/ Final*	362,592	394,835	410,112	303,718	

RSA reviewed fiscal performance data from federal FY 2008 through federal FY 2012. Based on the data in the table above, the agency met its match in each fiscal year reviewed. The agency contributed the required level of matching funds and satisfied federal maintenance of effort (MOE) requirements for the VR program, both as an agency and on a state-wide basis for FYs 2008, 2009, 2010 and 2012. BESB was assessed a FY 2011 MOE penalty of \$26,061, which

was applied to its FY 2012 VR award. During FY 2012, the agency received an additional \$2,488,000 in reallocation funds.

SECTION 3: EMERGING PRACTICES

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

- strategic planning;
- program evaluation and quality assurance practices;
- financial management;
- 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 practice below.

Transition

- **Mentoring Practices for Transition-Age Youth:** BESB offers structured prevocational opportunities involving both its Children's Services Division and the VR Division that promote a seamless transition from school to work. Mentoring by former adult VR consumers who successfully secured employment in both the private and public sectors is a prominent feature of the prevocational opportunities that include weekend and summer paid internships. In addition, BESB offers summer interns the opportunity to job shadow successfully employed operators of vending facilities to encourage them to consider entrepreneurial opportunities offered through the Randolph-Sheppard Vending Facility Program. Children and transition-age youth benefit substantially from mentoring by adult consumers and engaging in a variety of programs designed to assist them in career exploration, exposure to college, and the development of the necessary skills of blindness to succeed on the job. As a result of these activities, VR counselors serving transition-age youth in the adult program have the benefit of information regarding consumers' interests, abilities, and potential challenges upon referral from the BESB Children's Services Division.

A complete description of the practice described above can be found on the RSA website at [RSA website](#).

SECTION 4: RESULTS OF PRIOR MONITORING ACTIVITIES

During its review of the VR and SE programs in federal FY 2013, RSA assessed progress toward the implementation of recommendations accepted by BESB resulting from the prior monitoring review in FY 2008 and the resolution of compliance findings from that review. Appendix A of this report indicates whether or not the agency has requested additional technical assistance to enable it to implement any outstanding prior accepted recommendations and to resolve outstanding compliance findings.

Recommendations

In response to RSA's monitoring report, dated September 12, 2008, BESB accepted the recommendations listed below. A brief summary of the agency's progress toward implementation of each recommendation is included below.

1. Employment Outcomes: RSA recommended that BESB analyze its employment outcome data, particularly the prevalence of homemaker outcomes reported, to both determine the factors that may be contributing to the agency's performance and to establish benchmarks for increasing the number of competitive employment outcomes over time and its overall performance on Indicator 1.1.

Status: BESB significantly decreased the number of individuals it assisted to achieve homemaker outcomes during the current review period, contributing to improvement in the number and percentage of competitive outcomes achieved. In addition, BESB met the required performance level for Indicator 1.1 in FY 2008 and then each year since FY 2011.

2. Applicants for VR Services: RSA recommended that BESB expand referral sources through outreach activities such as community disability awareness events, job fairs, school events (parent nights), and One Stop Career Center employer workshops, and establish agency performance goals to measure the increase in the number of applicants to determine the effect of expanded outreach activities.

Status: BESB reported the VR program has experienced a decline in overall referrals since FY 2008, when it changed its policy on homemaker referrals. Although BESB has not brought referrals up to the level that existed when homemaker services accounted for a substantial proportion of the consumer population served through the VR program, it has continued its outreach efforts to eye doctors, one stop centers, independent living providers, community rehabilitation programs and advocacy groups. Consequently, the number of referrals gradually increased, from a low of 122 new applicants in FY 2009 to 173 in FY 2012.

3. Time from Eligibility to Closure: RSA recommended that BESB conduct data analysis and utilize the case management system to better identify trends that result in service delays.

Status: BESB developed performance measures following the FY 2008 monitoring review to address the total time from referral to eligibility and has monitored this measure since that time. During the most recent reporting period, of the 53 consumers moved into eligibility status or

closure without eligibility status, 44 consumers were moved within the 90 day time frame, representing 83 percent. The average number of days from referral to status change was 79.57 days.

4. IPE Development Policy: RSA recommended that BESB reduce the timeline for IPE development established in written policy based on current practice. BESB agreed to bring this recommendation before the SRC and the agency board for consideration.

Status: BESB reported that the SRC considered and ultimately decided against a change in agency policies to shorten the timeline required for the development of the IPE following the determination of eligibility because of its concern that establishing an arbitrary timeframe shorter than what exists in current policy (9 months) would force counselors and consumers into selection of career goals that were not necessarily appropriate or based on a fully informed choice. A review of the state data tables revealed that over 80 percent of the individuals had their IPEs developed within three months following the determination of eligibility in FY 2012, and in total 86.4 percent of the individuals had their IPEs developed within the nine-month timeframe stated in policy. However, as discussed in Section 6, Finding 1, only 44.7 percent of BESB's transition age youth had their IPEs developed within the Agency's established nine-month timeframe between FY 2008 and FY 2012.

5. Transition-Age Youths Service Delivery and Outcomes: RSA recommended that BESB increase the number of transitioning students served by the agency, by expanding outreach activities and public awareness of the VR program in the school systems through the development of brochures describing transition services and presentations to teachers and parents of students with disabilities.

Status: Since the last monitoring visit, BESB focused on developing work experiences for transition-age youth served by the agency. The agency established a transition coordinator position within the Children's Services program to focus additional programming on career exploration, internships, college prep programs and expanded core curriculum activities that prepare students for the transition out of high school. Development of paid work experiences has been a strong focus of the agency. Although trend data for BESB shows a decline in the employment rate of transition-age consumers from FY 2008 to FY 2012 (from 85.71 percent to 70 percent), the performance of the agency surpasses that of all blind agencies of 47.22 percent and far surpasses the FY 2012 performance of its peer agencies identified by similar grant sizes (Idaho-Blind, Maine-Blind, Nebraska-Blind, New Mexico-Blind), for which the combined percentage was 51.19 percent).

6. CRP Referrals: RSA recommended that BESB provide its counselors with additional tools to increase their outreach efforts to CRPs and expand the pool of providers used by the agency.

Status: Since the FY 2008 review, BESB developed marketing materials with the assistance of a professional marketing firm and provided training seminars to CRPs. Furthermore, BESB reported that outreach efforts have continued to CRPs in the state. The VR supervisor serves on a statewide committee of providers and often discusses BESB services and the referral process. However, BESB reported that since Connecticut is a mandatory reporting state, eye doctors will

continue to be the primary source of referral for eligible consumers determined to be legally blind.

7. CRP Contracts: RSA recommended that BESB enter into comprehensive contractual agreements with vendors that are performance-based with the goal of increasing employment outcomes and develop strategies to monitor vendor performance on a regular, consistent basis. RSA also recommended that BESB communicate, educate, and partner with vendors on contractual agreements, performance measures, and state purchasing regulations. RSA further recommended developing additional fiscal controls related to contractual agreements with CRPs and provide training to affected staff on the implementation of current and new procedures.

Status: BESB reported it is an active partner with the Bureau of Rehabilitation Services (BRS) in utilizing the CRPs in Connecticut under a fee-for-service arrangement. CRPs reported to RSA that untimely payments continue to be a concern, but that the system has improved as a result of better communication with BESB staff. BESB reported it continually notes providers that submit bills with incorrect information, missing reports, and inconsistencies that require clarification from the providers. There is a subsequent lag time in receiving back the correct information so that bills can be processed timely. BESB instituted a tracking spreadsheet of all authorizations issued to providers and staff make follow up calls to these vendors to determine if the services have been rendered and to requests bills for services that were rendered. Follow up calls are further made when there are issues with invoices.

8. Quality Assurance (QA) Process and relationships to VR systems: RSA recommended that BESB expand its quality assurance process to encompass an agency-wide approach that includes fiscal and data management and involved staff, stakeholders, individuals with disabilities, and community partners.

Status: BESB's former quality assurance process focused on a thorough service record review of the VR process. The Quality Control Coordinator reviewed every service record against the RSA-911 data sets to verify the quality of the data. The coordinator also verified that all BESB policies and procedures were followed in the cases reviewed. BESB's most recent performance benchmarks and strategic planning initiative focused on delivering measureable outcomes that were reported quarterly to the general public through posting on the agency website. RSA reviewed the current process and there was evidence of a comprehensive approach that BESB developed to address this recommendation.

9. Strategic Planning and the VR State Plan: RSA recommended that BESB define or adapt a systematic planning process that addresses all the components of a strategic plan and these should be reflected in the VR state plan.

Status: BESB reported that the current model for the goals, objectives, strategies and measures that appear in every state plan annual submission have fully addressed this recommendation. As BESB is now part of a much larger organization, strategic planning was reported to have begun to develop a long-range structure for the agency and to develop new performance measures for the organization.

10. Measurable Goals: RSA recommended that BESB adapt a strategic plan/VR State Plan process to include measurable goals that allow the agency to determine when the goals are achieved.

Status: See the response to Number 9 above.

11. Planning Activities: RSA recommended that BESB integrate quantitative data and performance information into day-to-day management operations and fiscal elements should be addressed in all planning activities to ensure the realistic allocation of resources.

Status: Following the FY 2008 review, BESB reported it further developed the working relationship with the Department of Administrative Services in response to this recommendation and developed a team of staff to assist with budget projections, fiscal reporting and data collection. These services have since been transitioned into the Business Services Unit of the Department of Rehabilitation Services, the new designated state agency that BESB is housed within. As BESB is now part of a larger organization, strategic planning was reported to have begun to develop a long-range structure for the agency and to develop new performance measures for the organization.

Compliance Findings and Corrective Actions

As a result of the monitoring conducted during FY 2008, BESB developed a corrective action plan that included the steps BESB committed to take to resolve the compliance findings identified in the monitoring report dated September 12, 2008, timelines for the implementation of the steps and the methods by which the agency and RSA would evaluate the agency's progress toward the resolution of the findings. Through the implementation of the corrective action plan, BESB successfully resolved the compliance findings in the area of financial reporting.

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

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

- DORS and BESB directors and senior managers;
- DORS and BESB staff members responsible for the fiscal management of the VR program;
- SRC Chairpersons and members;
- Client Assistance Program staff members; and
- TACE center representatives.

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

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

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

Overview

Effective July 1, 2011, Connecticut Public Act No. 11-44 created the Bureau of Rehabilitative Services that brought together the Board of Education and Services for the Blind, the Bureau of Rehabilitation Services (BRS), the Commission on the Deaf and Hearing Impaired, the Workers’ Rehabilitation Program, and the Driver Training Program for People with Disabilities. Effective July 1, 2012, the Department of Rehabilitation Services (DORS) was created by Connecticut Public Act No. 12-1 as the DSA that provides VR services through the Bureau of Education and Services for the Blind (BESB) and BRS. The DORS commissioner reports to the Governor of Connecticut and is considered a cabinet level position within Connecticut state government. DORS is comprised of BRS, BESB and the Bureau of Organizational Services (BOS).

BESB is the DSU within DORS that provides VR and supported employment services to individuals who are blind and visually impaired in Connecticut. BESB is comprised of VR, Adult Services, Children’s Services, Business Enterprise Program, and Worker’s Rehabilitation. The BESB director reports to the DORS commissioner and has equal job status and classification within DORS.

BESB employs 24 staff to administer and operate its VR program, 23 (95.8 percent) of whom devote 100 percent of their time to this program. BESB operates one central office and disburses its staff to local one-stop centers, high schools and various community locations to provide vocational assessments, counseling, job training, assistive technology, orientation and mobility training, and job-placement assistance to adults and transition-age youth.

RSA’s review of the organizational structure of BESB did not result in the identification of observations and recommendations. The compliance finding identified by RSA through the implementation of this focus area is contained in Section 6 of this report.

Technical Assistance

During the course of its monitoring activities, RSA provided technical assistance to DORS and BESB staff related to the representation of the VR program on the Connecticut State Workforce Investment Board (SWIB). Participation on the SWIB ceased with the organizational changes of July, 2012, and DORS management believed this was an oversight of the Connecticut legislature. Technical assistance was provided to DORS and BESB in reference to the Connecticut state workforce investment plan and DORS was strongly encouraged to review this plan and insure DORS and/or BESB were active participants in the Connecticut workforce plan. See also Section 6, Finding 3 for a further discussion of this issue.

B. Transition Services and Employment Outcomes for Youth with Disabilities

The purpose of this focus area was to assess BESB'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:

- the progress toward the implementation of recommendations accepted by BESB 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-related VR service policies and procedures;
- VR agency resources and collaborative efforts with other federal, state and local entities;
- sample agreements between the VR agency and local education agencies (LEA), if applicable;
- samples of signed and implemented third-party cooperative agreements; and
- samples of other cooperative agreements, if applicable.

To assess the agency's performance related to the provision of transition services and the outcomes achieved by youth with disabilities, RSA reviewed BESB data from FY 2008 through FY 2012, describing:

- the number and percentage of youth with disabilities who exited the VR program at various stages of the process;
- the amount of time spent in key phases of the VR process, including eligibility determination, development of the individualized plan for employment (IPE) and the achievement of a vocational goal;
- the number and percentage of youth with disabilities receiving various VR services, including, among others, assessment, university and vocational training, transportation, rehabilitation technology and job placement; and
- the quantity, quality and types of employment outcomes achieved by youth with disabilities.

To provide context for the agency's performance in the area of transition, RSA also compared the performance of BESB with the national average of all blind state agencies as appropriate.

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:

- BESB administrator/director;
- BESB VR counselors and transition staff;
- BESB transition coordinator serving as liaison with the SEA and other agencies; and
- state and local school personnel, including special education teachers and guidance counselors.

RSA's review of transition services and employment outcomes achieved by youth with disabilities did not result in the identification of observations and recommendations. The compliance findings identified by RSA through the implementation of this focus area are contained in Section 6 of this report.

Technical Assistance

The RSA review team provided the following technical assistance to BESB in the area of transition services and employment outcomes for youth with disabilities while on-site in Connecticut.

Interagency Agreement with the State Education Agency

Section 101(a)(11)(D) of the Rehabilitation Act addresses the responsibility of the VR agency to plan and coordinate transition services for students with disabilities who are eligible for VR services through a formal interagency agreement with the SEA. According to the Memorandum of Agreement, developed with the Connecticut Department of Education – Bureau of Special Education and Pupil Services (SDE/BSEPS) pursuant to this requirement in September 1999, this agreement is to be reviewed annually to assess progress on activities identified in the

agreement. During the review, BESB management informed RSA that the agreement had not been reviewed or updated recently. In addition, the signatories to the agreement no longer are employed by either the VR agency or the SEA.

Through its efforts to provide technical assistance during the on-site review, RSA discussed with BESB the required components of a SEA agreement, the specific provisions of the Connecticut Memorandum of Agreement, as well as its relationship with SDE/BSEPS and with the LEAs in the state. As a result of these discussions, RSA and BESB identified the need to update the Memorandum of Agreement, not only to reflect the current parties, but most importantly to strengthen collaboration with the SDE/BSEPS and to facilitate the coordination of activities between BESB staff and the LEAs.

Policy Related to Development of the IPE

BESB's transition policies state that the IPEs for transition-age youth must be developed prior to graduation from high school and within nine months of the determination of eligibility. BESB's planning philosophy and practice, supported by the Connecticut Chapter of the National Federation of the Blind and BESB's SRC, promote the use of several methods of assessment prior to the development of an IPE, including internships, college classes (see Section 6, Finding 2), and summer youth employment and training programs. BESB reported that some youth participate in multiple summer employment programs before the IPE is developed. This has caused the agency to be out of compliance with its own policy as discussed in Section 6, Finding 1 of this report. Consequently, RSA provided technical assistance related to the collection of information needed for the identification of an individual's needs and the employment goal through other means to supplement the information already available during the referral and application process. RSA also discussed with BESB management the potential of revising agency policy to shorten the nine-month timeline permitted for the development of the IPE, enabling youth to become more actively engaged in the VR process earlier in their transition from high school to work or post-secondary education. Agency management indicated a willingness to shorten the timeline in its written policies, and may request further technical assistance from RSA.

C. Fiscal Integrity of the Vocational Rehabilitation Program

For purposes of the VR program, fiscal integrity is broadly defined as the proper and legal management of VR program funds to ensure that VR agencies effectively and efficiently manage funds to maximize employment outcomes for individuals with disabilities. Through the implementation of this focus area, RSA assessed the fiscal performance of the VR and SE programs and compliance with pertinent federal statutory and regulatory requirements, including cost principles, governing three components of review: financial resources, match and maintenance of effort (MOE), and internal controls.

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 2008 thru FY 2012, along with other fiscal reports as necessary, to identify areas for improvement and potential areas of noncompliance.

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

- the federal 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 federal fiscal reports;
- grant award, match, MOE, and program income documentation;
- agency policies, procedures, and forms (e.g., monitoring, personnel certifications, procurement and personnel activity reports), as needed;
- documentation of expenditures including contracts, purchase orders and invoices;
- internal agency fiscal reports and other fiscal supporting documentation, as needed; and
- VR agency cost benefit analysis reports.

RSA's review of the fiscal integrity of BESB did not result in the identification of observations and recommendations. The compliance finding identified by RSA through the implementation of this focus area is contained in Section 6 of this report.

Technical Assistance

RSA provided technical assistance to BESB related to the fiscal integrity of the VR program while on-site in Connecticut. Specifically, RSA addressed issues related to indirect costs. BESB reported that it does not have a current approved Indirect Cost Rate (ICR). Prior to the FY 2012 re-organization, the agency had a Cost Allocation Plan, approved by the Department of Education with the Department designated as the cognizant agency. At the time of the monitoring visit, the agency had not submitted an updated ICR proposal to the Department, as it was still negotiating the proposal with its consultants. The agency had not requested an interim provisional rate at the time this review was conducted. Technical assistance was provided to BESB regarding the critical importance of submitting a proposal to the Department as soon as possible so that the agency could correctly assign indirect costs and accurately report those charged to the VR grant award. Shortly after the monitoring visit, the agency submitted an ICR proposal to the Department's Indirect Cost Group for review.

SECTION 6: COMPLIANCE FINDINGS AND CORRECTIVE ACTIONS

RSA identified the following compliance findings and corrective actions that BESB is required to undertake. Appendix A of this report indicates whether or not the agency requests technical assistance to enable it to carry out the corrective actions. The full text of the legal requirements pertaining to each finding is contained in Appendix B.

BESB must develop a corrective action plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective actions, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance findings have been resolved. RSA anticipates that the corrective action plan can be developed and submitted online using the RSA website at [RSA Website](#) within 45 days from the issuance of this report and RSA is available to provide technical assistance to enable BESB 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 the Education Department General Administrative Regulations (EDGAR).

1. Development of IPEs for Transition-Age Youth

Legal Requirements:

- Rehabilitation Act—Section 101(a)(9)(A)
- VR Program Regulations—34 CFR 361.45(e)

Finding:

BESB is not in compliance with Section 101(a)(9)(A) of the Rehabilitation Act and the implementing program regulations at 34 CFR 361.45(e), because BESB consistently does not develop IPEs for transition-age youth within its agency-established timeline of nine months following the determination of eligibility.

Section 101(a)(9)(A) of the Rehabilitation Act and implementing program regulations at 34 CFR 361.45(e) require that all state VR agencies establish standards for developing IPEs after the determination of eligibility, including timelines that take into consideration the needs of each individual. As reported below from Section 9 of BESB's Policy and Procedure Manual, the agency's standard includes a nine month timeline for developing IPEs after an eligibility determination is reached.

The IPE shall be developed as expeditiously as possible. Under normal circumstances, sufficient data should be available or gathered to enable the completion of IPE developed within a period not to exceed nine (9) months. If circumstances preclude IPE development within this timeframe,

case record documentation should clearly identify the specific reasons that preclude development of a plan.

BESB staff reported that the process for the development of the IPE is comprehensive in scope and occurs only after the youth has defined a viable and specific employment outcome. However, BESB did not meet the requirements in Section 101(a)(9) of the Rehabilitation Act and implementing regulations at 34 CFR 361.45(e) during the review period because the agency consistently did not develop IPEs in a period not to exceed nine months for a significant number of transition-age youth. The percentage of transition-age youth served who met BESB's standard during the FY 2008 through FY 2012 review period ranged from a low of 26.7 percent in FY 2011 to a high of 60 percent in FY 2012. The average percentage of transition-age youth served who met BESB's standard during the FY 2008 through FY 2012 review period was 44.7 percent.

For comparison purposes, the percentage of youth served by BESB whose IPEs were developed within nine months of an eligibility determination was approximately half that for consumers classified by BESB as those other than transition-age youth (44.7 percent compared to 89.3 percent). The percentage of youth whose IPEs were developed within nine months of eligibility determination was similarly low in comparison to transition-age youth served by all other agencies for the blind (44.7 percent compared to 82.1 percent). Likewise, transition-age youth were nearly three times more likely to require more than two years developing their IPEs after the determination of eligibility than transition-age youth served by all other agencies for the blind (26.3 percent compared to 9.0 percent).

Corrective Action 1: BESB must take the steps necessary to ensure that the IPEs for transition-age youth are developed in a timely manner and within the agency's established timeline, pursuant to Section 101(a)(9)(A) of the Rehabilitation Act and its implementing regulations at 34 CFR 361.45(e).

2. Provision of VR Services Prior to Development of IPEs for Transition-Age Youth

Legal Requirements:

- Rehabilitation Act – Sections 102(b)(3) and 103(a)
- VR Program Regulations – 34 CFR 361.5(b)(6)(ii); 34 CFR 361.45(f); 34 CFR 361.46(a); and 34 CFR 361.48(f)

Finding:

BESB's post-secondary training policy is not in compliance with Sections 102(b)(3) and 103(a) of the Rehabilitation Act, as well as regulations at 34 CFR 361.46(a) and 34 CFR 361.48, because it, in part, allows for the provision of financial support for post-secondary coursework at community colleges--a VR service--to transition-age youth prior to the development of IPEs outlining the services necessary to assist individuals with disabilities to prepare for, secure, retain, or regain employment.

Section 103(a) of the Rehabilitation Act and implementing program regulations at 34 CFR 361.48 state that VR services, are those services that are necessary for an individual to prepare for, secure, regain or retain employment and that are specified on the IPE. Therefore, those VR services then listed in Section 103(a) and 34 CFR 361.48, including financial support for coursework at community colleges (Section 103(a)(5) of the Rehabilitation Act and 34 CFR 361.48(f)), can only be provided to an individual if they are specified in an IPE meeting the requirements set forth in the Rehabilitation Act and regulations. The IPE must contain, among other items as appropriate for the individual, the individual's specific employment goal; the services needed for the individual to achieve the goal; timelines for the provision of, and the providers of, the services; and the criteria for evaluating progress toward achievement of the goal (Section 102(b)(3) of the Rehabilitation Act and 34 CFR 361.46(a)).

As of July 1, 2013, BESB revised paragraph (l) of its post-secondary training policy included in its Policy and Procedures Manual as follows:

(l) Students who are participating in post-secondary coursework for diagnostic purposes under a trial work or extended evaluation period, or for diagnostic purposes to substantiate the appropriateness of a career choice prior to the development or amendment of an IPE shall not be required to seek financial aid for the duration of the assessment period. For students attending a State of Connecticut community college, the first two semesters of coursework may be considered as diagnostic assessment semesters to assist with the development of an IPE or amendment or to substantiate the appropriateness of a career choice of an existing IPE or amendment.

Prior to the revision, paragraph (l) permitted BESB to provide one semester of community college course work for diagnostic purposes without expense to the student. During on-site discussions, BESB management and VR counselors emphasized that the intent of this policy primarily was to assist a student with the development of viable and specific employment outcome goals for inclusion in the IPE. However, BESB VR counselors reported the use of this policy was infrequent, perhaps five or so times over the last ten years by the entire VR counseling staff.

Whether or not the policy has been implemented, its language allows for the provision of community college course work as a "diagnostic" or assessment tool prior to the development of the IPE. Regulations at 34 CFR 361.45(f) address the data to be used in the preparation of the IPE and require that, "[t]o the extent possible, the employment outcome and the nature and scope of rehabilitation services to be included in the individual's IPE must be determined based on the data used for the assessment of eligibility and priority for services under §361.42" (34 CFR 361.45(f)(1)). If additional information is necessary so that an individual's employment goal, or the services needed for the achievement of the goal, can be determined, the agency must conduct a comprehensive assessment in accordance with the provisions of 34 CFR 361.5(b)(6)(ii) (34 CFR 361.45(f)(2)). According to 34 CFR 361.5(b)(6)(ii), "[t]his comprehensive assessment—

(A) Is limited to information that is necessary to identify the rehabilitation needs of the individual and to develop the individualized plan of employment of the eligible individual;

- (B) Uses as a primary source of information, to the maximum extent possible and appropriate and in accordance with confidentiality requirements--
 - (1) Existing information obtained for the purposes of determining the eligibility of the individual and assigning priority for an order of selection described in §361.36 for the individual; and
 - (2) Information that can be provided by the individual and, if appropriate, by the family of the individual;
- (C) May include, to the degree needed to make such a determination, an assessment of the personality, interests, interpersonal skills, intelligence and related functional capacities, educational achievements, work experience, vocational aptitudes, personal and social adjustments, and employment opportunities of the individual and the medical, psychiatric, psychological, and other pertinent vocational, educational, cultural, social, recreational, and environmental factors that affect the employment and rehabilitation needs of the individual; and
- (D) May include, to the degree needed, an appraisal of the patterns of work behavior of the individual and services needed for the individual to acquire occupational skills and to develop work attitudes, work habits, work tolerance, and social and behavior patterns necessary for successful job performance, including the use of work in real job situations to assess and develop the capacities of the individual to perform adequately in a work environment...

As cited above, the regulatory provisions concerning the development of the IPE and the conduct of a comprehensive assessment for this purpose require a VR agency, “to the maximum extent possible,” to rely upon information available for the determination of eligibility and the assignment to a priority category under an order of selection, as well as other information that can be provided by the individual or the family (34 CFR 361.5(b)(6)(ii)(B) and 34 CFR 361.45(f)(1)). The emphasis in these regulations on the use of information readily available at the time the IPE is being developed is intended to ensure that the IPE is completed in a timely manner and that the individual does not experience undue delays in the receipt of services necessary for the achievement of employment. Although as part of an comprehensive assessment, a VR agency may gather additional information through assessments of factors affecting the employment of an individual, including “educational achievements,” and the individual’s participation in “real job situations” (34 CFR 361.5(b)(6)(ii)(C) and (D)), these activities are not to be carried out over a prolonged period of time, such as one or two semesters in community college course work. Rather, post-secondary training is clearly identified in the Rehabilitation Act and regulations as a service to assist the individual to achieve employment, not the VR agency to assess factors related to the identification of the employment goal or the nature and scope of the services to be provided.

Therefore, paragraph (l) of BESB’s post-secondary training policy is inconsistent with Section 102(b)(3) and 103(a) of the Rehabilitation Act and regulations at 34 CFR 361.46(a) and 34 CFR 361.48 because it permits the provision of post-secondary training as an assessment activity for the purpose of determining an employment goal and the nature and scope of VR services, not as a VR service that only can be provided following its specification on the IPE.

Corrective Action 2: BESB must take the steps necessary to bring its post-secondary training policy into compliance with Sections 102(b)(3) and 103(a) of the Rehabilitation Act and regulations at 34 CFR 361.45(f) and 34 CFR 361.46(a) by eliminating the provision of financial support for community college course work as a diagnostic or assessment activity prior to the development of the IPE for transition-age youth.

3. Representation of the VR Program on the State Workforce Investment Board

Legal Requirements:

- Workforce Investment Act Regulations - 20 CFR 661.200(i)(3)

Finding:

The VR program is not represented on the Connecticut state workforce investment board (SWIB) as required by Workforce Investment Act (WIA) program regulations at 20 CFR 661.200(i)(3). As stated in these regulations, “[i]f the director of the [DSU], as defined in section 7(8)(B) of the Rehabilitation Act, does not represent the [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.”

The director of BESB does not represent the VR program on the SWIB. Instead, prior to the reorganization of the Connecticut VR agencies in FY 2012, the Department of Social Services (DSS) (the former DSA for the Bureau of Rehabilitation Services (BRS)) represented the VR program for both BRS and BESB on the SWIB. According to Section II.A.iib of the state’s “Strategic Five-Year State Workforce Investment Plan for the period of July 1, 2012 to June 30, 2017,”

The Connecticut Employment and Training Commission (CETC) has two agency Commissioners representing the interests and employment needs of individuals with disabilities. Commissioner for the Department of Social Services, Roderick Bremby serves as a full CETC member and this past year, the Department of Mental Health and Addictions Commissioner Patricia Rehmer was added as an Ex-Officio member. Both commissioners or their designees serve on the Career Advancement sub-committee where policy recommendations are being developed to address the needs of low skill, low wage workers and special populations.

In July 2012, BESB was transferred to a newly-created DSA, the Department of Rehabilitation Services (DORS). The WIA Strategic Plan has not been updated to recognize this change, though the DSS no longer represents the VR program on the SWIB. In addition, the DORS commissioner stated during the review that she does not represent either BRS or BESB on the SWIB and is not aware of provisions for any member to effectively represent the interests, needs and priorities of the VR program and individuals with disabilities as required by 20 CFR 661.200(i)(3).

Corrective Action 3: BESB, in conjunction with DORS, must take the steps necessary to ensure that the BESB VR program is effectively represented on the SWIB and describe this representation in the WIA Strategic Plan, as required by 20 CFR 661.200(i)(3).

4. Under-Reporting of Non-Federal Expenditures Under the State Plan for Maintenance of Effort

Legal Requirements:

- Rehabilitation Act — Section 111(a)(2)(B)
- VR Program Regulations — 34 CFR 361.62
- EDGAR – 34 CFR 76.560(b)
- Federal Cost Principles – 2 CFR 225, Appendix A, paragraph H.2
- Information Memorandum - RSA IM-01-07, “Definition and Documentation of Expenditures From Non-Federal Sources Under the State Plan,” October 26, 2000

Finding:

BESB does not have an indirect cost rate approved by its cognizant federal agency. In addition, BESB is not in compliance with Section 111(a)(2)(B) of the Rehabilitation Act and regulations at 34 CFR 361.62 because it has under-reported its expenditures from non-federal sources under the state plan, including non-federal expenditures used to support indirect costs assigned to the program.

A. Lack of Approved Indirect Cost Rate

Prior to July 1, 2012, that portion of the Connecticut VR program serving individuals who are blind and visually impaired was administered by BESB as a stand-alone agency. Subsequent to that date, the Connecticut VR program was reorganized and BESB became a component of the Department of Rehabilitation Services (DORS), the newly created designated state agency for the VR program in the state. In addition, prior to July 1, 2012, the Bureau of Rehabilitation Services (BRS), the designated state unit for that portion of the VR program serving all other individuals with disabilities in the state, was located in the Department of Social Services. As of July 2012, it also became a separate component of DORS. The U. S. Department of Education serves as the cognizant federal agency for the VR program in Connecticut.

After the reorganization, BESB could no longer use the cost allocation plan that existed prior to the reorganization, as it assigned costs to BESB based on state agencies and bureaus which no longer provided services to or on behalf of BESB. At the time of the review, the agency had not yet submitted an indirect cost rate proposal¹ to the Department of Education, as it was still negotiating the proposal with its consultants.

¹ The agency submitted a draft proposal to the Department’s Indirect Cost Group on July 12, 2013. The Indirect Cost Group approved a 1-year provisional rate for the period beginning July 1, 2013.

Regulations at 34 CFR 76.560(b) require a grantee to have a current indirect cost rate agreement to charge indirect costs to a grant. Federal Cost Principles at 2 CFR 225, Appendix A, paragraph H.2 state that indirect costs may be charged to an award only if such rate has been certified by the cognizant federal agency. Therefore, BESB is not in compliance with pertinent federal requirements at 34 CFR 76.560(b) and 2 CFR 225, Appendix A, paragraph H.2.

B. Under-Reporting of Non-Federal Expenditures

Because the agency does not have an approved indirect cost rate, management has not charged indirect costs to the VR award since July 1, 2012, nor has it reported indirect costs on its SF-425s. Management stated that, in order to be in compliance with indirect cost requirements set forth in federal cost principles, and until such time as it has an approved indirect cost rate, it will not charge indirect costs to the federal award. Management stated further that the agency is “holding VR funds in reserve in anticipation of making indirect payments once a rate is formally established.”

Indirect costs are paid against actual expenditures for costs incurred in the administration of the award. BESB would not be able to “hold” indirect expenses until such time as an indirect cost rate was approved and then reimburse those expenditures. The expenditures against which the indirect costs were charged would have already been incurred and must have been paid. To the extent that such expenditures are not being reported as non-federal share on the Federal Financial Report (SF-425), the state's total expenditures/outlays for the VR program are not being captured. The result is an understatement of the state's non-federal share of expenditures.

For example, the agency does incur and pay indirect costs, such as supplies, salary and fringe benefit costs for certain staff, including the VR Director and the Bureau Chief for the Bureau of Operational Support (BOS), which performs fiscal functions for BESB. The indirect costs paid against the indirect cost categories represent actual program costs that must be counted as non-federal share.

Section 111(a)(2)(B) of the Rehabilitation Act, its implementing regulations at 34 CFR 361.62 and related policy statements cite the phrase “expenditures from non-federal sources under the State Plan.” IM 01-07 provides clarification in that expenditures from non-federal sources under the state plan includes only those expenditures that (1) are made from permissible revenue sources, (2) meet allowability requirements, and (3) are allocable to the Title I program (2 CFR 225, Appendix A, C.1 and C.3).

First, expenditures by BESB for salaries of administrative and BOS staff are expenditures made from state appropriations and, thus, would be a permissible source of revenue. Second, expenditures for staff that provide financial and administrative services to the VR program are reasonable and necessary for the proper and efficient administration of the program; therefore, they are allowable. Third, expenditures for salaries of staff working for the benefit of the VR program are allocable expenditures to the extent that services provided are assignable to the VR program in accordance with relative benefits received.

Any non-federal expenditure reported on the SF-425 must meet all three requirements. Conversely, any expenditure that meets all three requirements must be reported.

Because BESB has not reported these non-federal expenditures that benefit the VR program, the amount of the state's non-federal expenditures to be counted toward maintenance of effort cannot be accurately determined.

Corrective Action 4: BESB must:

- 4.A.1 obtain and use only an approved indirect cost rate or cost allocation plan in charging the grant, as required by the federal cost principles at 2 CFR 225; and
- 4.B.1 develop and implement procedures whereby all non-federal expenditures which benefit the VR program are accurately documented, recorded, and reported consistent with Maintenance of Effort Requirements in 34 CFR 361.62.

APPENDIX A: AGENCY RESPONSE

Section 4: Results of Prior Monitoring Activities

BESB requests the additional technical assistance described below to enable it to implement the following recommendations identified in the FY 2008 monitoring report.

Outstanding Recommendations

1. IPE Development Policy:

Additional Technical Assistance Requested: BESB requested technical assistance in designing an appropriate timeframe from eligibility to IPE.

Section 6: Compliance Findings and Corrective Actions

1. Development of the IPEs for Transition-Age Youth

Corrective Action 1: BESB must take the steps necessary to ensure that the IPEs for transition-age youth are developed in a timely manner and within the agency's established timeline, pursuant to Section 101(a)(9)(A) of the Rehabilitation Act and its implementing regulations at 34 CFR 361.45(e).

Agency Response: The Bureau is in disagreement with the basis of this finding although we are in agreement with the philosophy behind timely implementation of the IPE. RSA states in the finding that "BESB is not in compliance with Section 101(a)(9)(A) of the Rehabilitation Act and implementing program regulations at 34 CFR 361.45(e)", because "BESB consistently does not develop IPEs for transition-age youth within its agency-established timeline of nine months following the determination of eligibility." This statement is factually inaccurate. The monitoring report only quoted a portion of the policy and neglected to cite the sentence that clearly grants extended time for the development of the IPE for transition age students. The full policy states as follows:

"Case Management Activities (Time in Status)

i. Time in Status

In order to assure proper case management practices and to comply with the Secretary of Education's Standards on Program Evaluation, the following goals and objectives have been implemented:

1. The length of time for a case to remain in Status 00 will not exceed 60 calendar days.
2. The length of time for a case to remain in Status 02 will not exceed 60 calendar days.
3. The length of time for a case to remain in Status 10 will not exceed nine (9) months, except in extenuating circumstances as supported by documentation in the case record of services **or in the case of a high school student**. Since the transition process may require extended periods of time for a student to select a career goal, **it is not expected that all students will be ready to select a**

vocational goal within one year of being found eligible for services. All high school students will have an IPE in place prior to graduation.”

Given this factual inaccuracy in the finding, BESB is requesting that RSA revise the finding accordingly to reflect the actual wording of the policy. However, BESB is also requesting technical assistance from RSA regardless, with a goal of assisting the Bureau in the implementation of a change in approach toward a more expeditious implementation of the IPE in all cases, including but not limited to transition age students.

RSA Response: As stated in the finding, Section 101(a)(9)(A) of the Rehabilitation Act and implementing regulations at 34 CFR 361.45(e) require that all state VR agencies establish standards for developing an IPE in a timely manner for an individual subsequent to the determination of eligibility, including timelines that take into consideration the needs of each individual. When reviewing compliance with this requirement during the course of the review, RSA relied upon the language of BESB’s Policy and Procedure Manual, Chapter 3, Section 9(b)(4)(ii)(2), “Planning and IPE Development (Status 10 – 12) Policy”. This policy statement requires that IPEs be developed within nine months of the determination of eligibility, unless the needs of the individual warrant an extension of this period based on an individual’s needs as documented in the case record. This particular statement does not provide for an alternative timeline for transition-age youth. The data cited in the finding clearly indicate that BESB consistently was not developing IPEs for transition-age youth within nine months of the determination of their eligibility.

In its response, BESB refers to the language in the Policy and Procedure Manual found at Chapter 3, Section 1(c)(i)(3), which it reads as providing a general exception to the nine-month timeline for transition-age youth, though it is not clear from the text of the policy or the agency’s response whether these IPEs are to be developed within one year from the determination of eligibility or simply by the time students leave high school. Assuming that BESB intends this policy statement to require that IPEs for transition-age youth be developed within one year of the determination of eligibility, data indicate that the agency is not developing the IPEs of students within this timeline as well. On average, during the review period only 52.6 percent of the IPEs for transition-age youth were developed within one-year, ranging from a low of 33.3 percent in FY 2011 to a high of 70 percent in FY 2012. Thus, BESB was not in compliance with federal requirements.

As stated above, Section 101(a)(9) requires that VR agencies establish written timelines for the development of IPEs for all individuals following the determination of eligibility, including transition-age youth, unless the needs of an individual warrant an extension of the timeline. The data used to support the finding and in this response indicate that the extension of the period by which the IPEs for transition-age youth were developed was routine, rather than in regard to the needs of the individual student.

In addition, the language of Chapter 3, Section 1 is not in compliance with federal requirements if it is read as requiring that the IPEs are to be developed simply by the time transition-age youth leave high school. VR agencies not only must satisfy this requirement as specified in 34 CFR 361.22, but they also must satisfy the provisions of Section 101(a)(9) of the Rehabilitation Act

and 34 CFR 361.45(e) by establishing written timelines by which these IPEs will be developed from the date on which eligibility is determined.

Nonetheless, whichever meaning BESB intends to give Chapter 3, Section 1, its language is inconsistent with that of Chapter 3, Section 9. BESB must resolve this inconsistency as it addresses this finding.

For these reasons, this finding stands as written. RSA appreciates BESB's commitment to ensure that the IPEs for transition-age youth are developed in a prompt and timely manner and as early as possible in the transition planning process as required by Section 101(a)(9) of the Rehabilitation Act, 34 CFR 361.45(e) and 34 CFR 361.22, and is available to provide the technical assistance requested by BESB as it takes corrective action.

Technical Assistance: BESB requests technical assistance.

2. Provision of VR Services Prior to Development of IPEs for Transition-Age Youth

Corrective Action 2: BESB must take the steps necessary to bring its post-secondary training policy into compliance with Sections 102(b)(3) and 103(a) of the Rehabilitation Act and regulations at 34 CFR 361.45(f) and 34 CFR 361.46(a) by eliminating the provision of financial support for community college course work as a diagnostic or assessment activity prior to the development of the IPE for transition-age youth.

Agency Response: The Bureau agrees with this finding and will amend the policy.

Technical Assistance: BESB requests technical assistance.

3. Representation of the VR Program on the State Workforce Investment Board

Corrective Action 3: BESB, in conjunction with DORS, must take the steps necessary to ensure that the BESB VR program is effectively represented on the SWIB and describe this representation in the WIA Strategic Plan, as required by 20 CFR 661.200(i)(3).

Agency Response: The Bureau agrees with this finding.

Technical Assistance: BESB does not request technical assistance.

4. Under-Reporting of Non-Federal Expenditures Under the State Plan for Maintenance of Effort

Corrective Action 4: BESB must:

- 4.A.1 obtain and use only approved indirect cost rate or cost allocation plan in charging the grant, as required by the federal cost principles at 2 CFR 225; and

- 4.B.1 develop and implement procedures whereby all non-federal expenditures which benefit the VR program are accurately documented, recorded, and reported consistent with Maintenance of Effort Requirements in 34 CFR 361.62.

Agency Response: The Bureau partially agrees with this finding. The Bureau and the DSA have operated since its inception with the expectation that an indirect rate would be established and applied to all federal grants. To that end, the DSA has diligently endeavored to establish such a rate, with efforts dating back to prior to its establishment as an independent state department. The DSA has proceeded with the understanding that an indirect cost rate could be applied retroactively from July 1, 2012 to June 30, 2013 once it is approved by the US DOE. The DSA had been in touch with the DOE, Indirect Cost Group prior to the Monitoring Review and it was advised that even a provisional rate could not be retroactively established without both a formal proposal offering a basis for costs and the support of the Rehabilitation Services Administration program staff. The DSA has worked with a contracted vendor to submit such a rate proposal since well before the Monitoring review, achieving this objective in early December 2013. It should also be noted that the DSA, on behalf of BESB, was able to establish a provisional rate from July 1, 2013 to June 30, 2014. The DSA is already committed to insuring that the Bureau remains continuously under an approved Indirect Rate moving forward.

The Bureau does not dispute the finding that all non-federal contributions to the VR program must be reported on applicable financial reports. However, with the implementation of a retroactive rate, the need to amend existing federal financial reports to include the non-federal contributions mentioned in this finding would no longer be present. With an approved Indirect rate consistently established, no additional procedures to document, record or report future non-federal expenditures benefitting the VR program would need to be developed or implemented.

RSA Response: RSA appreciates BESB's efforts to establish an approved indirect cost rate and to make corrections, if required, to Federal Financial Reports identified in the finding in a timely manner. RSA strongly encourages BESB to continue to work with the Department of Education's Indirect Cost Group to establish an approved indirect cost rate. The Indirect Cost Group is responsible for the final determination of a rate, including whether a rate can be applied retroactively. Further, RSA encourages BESB to implement internal control procedures whereby all non-federal expenditures which benefit the VR program are accurately documented, recorded and reported consistent with the Maintenance of Effort requirements in 34 CFR 361.62. The agency is responsible for reporting all VR expenditures on the Federal Financial Reports as of the end of the reporting period. Because the Federal Financial Reports are cumulative reports, the agency can make necessary adjustments during future reporting periods. However, the agency's reports must reflect actual expenditures not potential future adjustments. The finding remains unchanged.

Technical Assistance: BESB does request technical assistance.

APPENDIX B: LEGAL REQUIREMENTS

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

Rehabilitation Act of 1973, as Amended

Section 101. State Plans

(a) Plan Requirements

(9) Individualized plan for employment

(A) Development and implementation

The State plan shall include an assurance that an individualized plan for employment meeting the requirements of section 102(b) will be developed and implemented in a timely manner for an individual subsequent to the determination of the eligibility of the individual for services under this title, except that in a State operating under an order of selection described in paragraph (5), the plan will be developed and implemented only for individuals meeting the order of selection criteria of the State.

Section 102. Eligibility and Individualized Plan for Employment

(b) Development of an Individualized Plan for Employment

(3) Mandatory components of an individualized plan for employment

Regardless of the approach selected by an eligible individual to develop an individualized plan for employment, an individualized plan for employment shall, at a minimum, contain mandatory components consisting of--

(A) a description of the specific employment outcome that is chosen by the eligible individual, consistent with the unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the eligible individual, and, to the maximum extent appropriate, results in employment in an integrated setting;

(B)(i) a description of the specific vocational rehabilitation services that are--

(I) needed to achieve the employment outcome, including, as appropriate, the provision of assistive technology devices and assistive technology services, and personal assistance services, including training in the management of such services; and

(II) provided in the most integrated setting that is appropriate for the service involved and is consistent with the informed choice of the eligible individual; and

(ii) timelines for the achievement of the employment outcome and for the initiation of the services;

(C) a description of the entity chosen by the eligible individual or, as appropriate, the individual's representative, that will provide the vocational rehabilitation services, and the methods used to procure such services;

- (D) a description of criteria to evaluate progress toward achievement of the employment outcome;
- (E) the terms and conditions of the individualized plan for employment, including, as appropriate, information describing--
 - (i) the responsibilities of the designated State unit;
 - (ii) the responsibilities of the eligible individual, including--
 - (I) the responsibilities the eligible individual will assume in relation to the employment outcome of the individual;
 - (II) if applicable, the participation of the eligible individual in paying for the costs of the plan; and
 - (III) the responsibility of the eligible individual with regard to applying for and securing comparable benefits as described in section 101(a)(8); and
 - (iii) the responsibilities of other entities as the result of arrangements made pursuant to comparable services or benefits requirements as described in section 101(a)(8);
- (F) for an eligible individual with the most significant disabilities for whom an employment outcome in a supported employment setting has been determined to be appropriate, information identifying--
 - (i) the extended services needed by the eligible individual; and
 - (ii) the source of extended services or, to the extent that the source of the extended services cannot be identified at the time of the development of the individualized plan for employment, a description of the basis for concluding that there is a reasonable expectation that such source will become available; and
- (G) as determined to be necessary, a statement of projected need for post-employment services.

Section 103. Vocational Rehabilitation Services

(a) Vocational Rehabilitation Services for Individuals

Vocational rehabilitation services provided under this title are any services described in an individualized plan for employment necessary to assist an individual with a disability in preparing for, securing, retaining, or regaining an employment outcome that is consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual, including--

- (1) an assessment for determining eligibility and vocational rehabilitation needs by qualified personnel, including, if appropriate, an assessment by personnel skilled in rehabilitation technology;
- (2) counseling and guidance, including information and support services to assist an individual in exercising informed choice consistent with the provisions of section 102(d);
- (3) referral and other services to secure needed services from other agencies through agreements developed under section 101(a)(11), if such services are not available under this title;
- (4) job-related services, including job search and placement assistance, job retention services, followup services, and follow-along services;

(5) vocational and other training services, including the provision of personal and vocational adjustment services, books, tools, and other training materials, except that no training services provided at an institution of higher education shall be paid for with funds under this title unless maximum efforts have been made by the designated State unit and the individual to secure grant assistance, in whole or in part, from other sources to pay for such training;

(6) to the extent that financial support is not readily available from a source (such as through health insurance of the individual or through comparable services and benefits consistent with section 101(a)(8)(A)), other than the designated State unit, diagnosis and treatment of physical and mental impairments, including--

(A) corrective surgery or therapeutic treatment necessary to correct or substantially modify a physical or mental condition that constitutes a substantial impediment to employment, but is of such a nature that such correction or modification may reasonably be expected to eliminate or reduce such impediment to employment within a reasonable length of time;

(B) necessary hospitalization in connection with surgery or treatment;

(C) prosthetic and orthotic devices;

(D) eyeglasses and visual services as prescribed by qualified personnel who meet State licensure laws and who are selected by the individual;

(E) special services (including transplantation and dialysis), artificial kidneys, and supplies necessary for the treatment of individuals with end-stage renal disease; and

(F) diagnosis and treatment for mental and emotional disorders by qualified personnel who meet State licensure laws;

(7) maintenance for additional costs incurred while participating in an assessment for determining eligibility and vocational rehabilitation needs or while receiving services under an individualized plan for employment;

(8) transportation, including adequate training in the use of public transportation vehicles and systems, that is provided in connection with the provision of any other service described in this section and needed by the individual to achieve an employment outcome;

(9) on-the-job or other related personal assistance services provided while an individual is receiving other services described in this section;

(10) interpreter services provided by qualified personnel for individuals who are deaf or hard of hearing, and reader services for individuals who are determined to be blind, after an examination by qualified personnel who meet State licensure laws;

(11) rehabilitation teaching services, and orientation and mobility services, for individuals who are blind;

(12) occupational licenses, tools, equipment, and initial stocks and supplies;

(13) technical assistance and other consultation services to conduct market analyses, develop business plans, and otherwise provide resources, to the extent such resources are authorized to be provided through the statewide workforce investment system, to eligible individuals who are pursuing self-employment or telecommuting or establishing a small business operation as an employment outcome;

(14) rehabilitation technology, including telecommunications, sensory, and other technological aids and devices;

- (15) transition services for students with disabilities, that facilitate the achievement of the employment outcome identified in the individualized plan for employment;
- (16) supported employment services;
- (17) services to the family of an individual with a disability necessary to assist the individual to achieve an employment outcome; and
- (18) specific post-employment services necessary to assist an individual with a disability to, retain, regain, or advance in employment.

Section 111. Payments to States

(a)(1) Except as provided in paragraph (2), from each State's allotment under this part for any fiscal year, the Commissioner shall pay to a State an amount equal to the Federal share of the cost of vocational rehabilitation services under the plan for that State approved under section 101, including expenditures for the administration of the State plan.

(2)(A) The total of payments under paragraph (1) to a State for a fiscal year may not exceed its allotment under subsection (a) of section 110 for such year.

(B) For fiscal year 1994 and each fiscal year thereafter, the amount otherwise payable to a State for a fiscal year under this section shall be reduced by the amount by which expenditures from non-Federal sources under the State plan under this title for the previous fiscal year are less than the total of such expenditures for the second fiscal year preceding the previous fiscal year.

VR Program Regulations

34 CFR 361.5 Applicable definitions.

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

(6) *Assessment for determining eligibility and vocational rehabilitation needs* means, as appropriate in each case—

(i)(A) A review of existing data—

(1) To determine if an individual is eligible for vocational rehabilitation services; and

(2) To assign priority for an order of selection described in § 361.36 in the States that use an order of selection; and

(B) To the extent necessary, the provision of appropriate assessment activities to obtain necessary additional data to make the eligibility determination and assignment;

(ii) To the extent additional data are necessary to make a determination of the employment outcomes and the nature and scope of vocational rehabilitation services to be included in the individualized plan for employment of an eligible individual, a comprehensive assessment to determine the unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, including the need for supported employment, of the eligible individual. This comprehensive assessment—

(A) Is limited to information that is necessary to identify the rehabilitation needs of the individual and to develop the individualized plan of employment of the eligible individual;

(B) Uses as a primary source of information, to the maximum extent possible and appropriate and in accordance with confidentiality requirements--

- (1) Existing information obtained for the purposes of determining the eligibility of the individual and assigning priority for an order of selection described in §361.36 for the individual; and
- (2) Information that can be provided by the individual and, if appropriate, by the family of the individual;
- (C) May include, to the degree needed to make such a determination, an assessment of the personality, interests, interpersonal skills, intelligence and related functional capacities, educational achievements, work experience, vocational aptitudes, personal and social adjustments, and employment opportunities of the individual and the medical, psychiatric, psychological, and other pertinent vocational, educational, cultural, social, recreational, and environmental factors that affect the employment and rehabilitation needs of the individual; and
- (D) May include, to the degree needed, an appraisal of the patterns of work behavior of the individual and services needed for the individual to acquire occupational skills and to develop work attitudes, work habits, work tolerance, and social and behavior patterns necessary for successful job performance, including the use of work in real job situations to assess and develop the capacities of the individual to perform adequately in a work environment...

34 CFR 361.45 Development of the individualized plan for employment

(a) *General requirements.* The State plan must assure that— (1) An individualized plan for employment (IPE) meeting the requirements of this section and § 361.46 is developed and implemented in a timely manner for each individual determined to be eligible for vocational rehabilitation services or, if the designated State unit is operating under an order of selection in accordance with § 361.36, for each eligible individual to whom the State unit is able to provide services;

(e) *Standards for developing the IPE.*

The designated State unit must establish and implement standards for the prompt development of IPEs for the individuals identified under paragraph (a) of this section, including timelines that take into consideration the needs of the individuals.

(f) *Data for preparing the IPE—(1)*

Preparation without comprehensive assessment. To the extent possible, the employment outcome and the nature and scope of rehabilitation services to be included in the individual's IPE must be determined based on the data used for the assessment of eligibility and priority for services under § 361.42.

34 CFR 361.46 Content of the individualized plan for employment.

(a) *Mandatory components.* Regardless of the approach in § 361.45(c)(1) that an eligible individual selects for purposes of developing the IPE, each IPE must include—

- (1) A description of the specific employment outcome, as defined in § 361.5(b)(16), that is chosen by the eligible individual and is consistent with the individual's unique

strengths, resources, priorities, concerns, abilities, capabilities, career interests, and informed choice.

(2) A description of the specific rehabilitation services under § 361.48 that are—

(i) Needed to achieve the employment outcome, including, as appropriate, the provision of assistive technology devices, assistive technology services, and personal assistance services, including training in the management of those services;

34 CFR 361.48 Scope of vocational rehabilitation services for individuals with disabilities

As appropriate to the vocational rehabilitation needs of each individual and consistent with each individual's informed choice, the designated State unit must ensure that the following vocational rehabilitation services are available to assist the individual with a disability in preparing for, securing, retaining, or regaining an employment outcome that is consistent with the individual's strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice:

(f) Vocational and other training services, including personal and vocational adjustment training, books, tools, and other training materials, except that no training or training services in an institution of higher education (universities, colleges, community or junior colleges, vocational schools, technical institutes, or hospital schools of nursing) may be paid for with funds under this part unless maximum efforts have been made by the State unit and the individual to secure grant assistance in whole or in part from other sources to pay for that training.

34 CFR 361.62 Maintenance of effort requirements

(a) *General requirements.* (1) The Secretary reduces the amount otherwise payable to a State for a fiscal year by the amount by which the total expenditures from non-Federal sources under the State plan for the previous fiscal year were less than the total of those expenditures for the fiscal year 2 years prior to the previous fiscal year. *Example:* For fiscal year 2001, a State's maintenance of effort level is based on the amount of its expenditures from non-Federal sources for fiscal year 1999. Thus, if the State's non-Federal expenditures in 2001 are less than they were in 1999, the State has a maintenance of effort deficit, and the Secretary reduces the State's allotment in 2002 by the amount of that deficit.

(2) If, at the time the Secretary makes a determination that a State has failed to meet its maintenance of effort requirements, it is too late for the Secretary to make a reduction in accordance with paragraph (a)(1) of this section, then the Secretary recovers the amount of the maintenance of effort deficit through audit disallowance.

(b) *Specific requirements for construction of facilities.* If the State provides for the construction of a facility for community rehabilitation program purposes, the amount of the State's share of expenditures for vocational rehabilitation services under the plan, other than for the construction of a facility for community rehabilitation program purposes or the establishment of a facility for community rehabilitation purposes, must be at least equal to the expenditures for those services for the second prior fiscal year. If a State fails to meet the requirements of this paragraph, the Secretary recovers the amount of the maintenance of effort deficit through audit disallowance.

- (c) *Separate State agency for vocational rehabilitation services for individuals who are blind.* If there is a separate part of the State plan administered by a separate State agency to provide vocational rehabilitation services for individuals who are blind—
- (1) Satisfaction of the maintenance of effort requirements under paragraphs (a) and (b) of this section are determined based on the total amount of a State's non-Federal expenditures under both parts of the State plan; and
 - (2) If a State fails to meet any maintenance of effort requirement, the Secretary reduces the amount otherwise payable to the State for that fiscal year under each part of the plan in direct relation to the amount by which expenditures from non-Federal sources under each part of the plan in the previous fiscal year were less than they were for that part of the plan for the fiscal year 2 years prior to the previous fiscal year.
- (d) *Waiver or modification.* (1) The Secretary may waive or modify the maintenance of effort requirement in paragraph (a)(1) of this section if the Secretary determines that a waiver or modification is necessary to permit the State to respond to exceptional or uncontrollable circumstances, such as a major natural disaster or a serious economic downturn, that—
- (i) Cause significant unanticipated expenditures or reductions in revenue that result in a general reduction of programs within the State; or
 - (ii) Require the State to make substantial expenditures in the vocational rehabilitation program for long-term purposes due to the one-time costs associated with the construction of a facility for community rehabilitation program purposes, the establishment of a facility for community rehabilitation program purposes, or the acquisition of equipment.
- (2) The Secretary may waive or modify the maintenance of effort requirement in paragraph (b) of this section or the 10 percent allotment limitation in § 361.61 if the Secretary determines that a waiver or modification is necessary to permit the State to respond to exceptional or uncontrollable circumstances, such as a major natural disaster, that result in significant destruction of existing facilities and require the State to make substantial expenditures for the construction of a facility for community rehabilitation program purposes or the establishment of a facility for community rehabilitation program purposes in order to provide vocational rehabilitation services.
- (3) A written request for waiver or modification, including supporting justification, must be submitted to the Secretary as soon as the State determines that an exceptional or uncontrollable circumstance will prevent it from making its required expenditures from non-Federal sources.

Education Department General Administrative Regulations (EDGAR)

34 CFR 76.560 General indirect cost rates; exceptions

(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.

Federal Cost Principles as cited in the CFR

2 CFR 225 Cost Principles

Appendix A, paragraph H.2

- H. *Required Certifications.* Each cost allocation plan or indirect cost rate proposal required by Appendices C and E to this part must comply with the following:
1. No proposal to establish a cost allocation plan or an indirect cost rate, whether submitted to a Federal cognizant agency or maintained on file by the governmental unit, shall be acceptable unless such costs have been certified by the governmental unit using the Certificate of Cost Allocation Plan or Certificate of Indirect Costs as set forth in Appendices C and E to this part. The certificate must be signed on behalf of the governmental unit by an individual at a level no lower than chief financial officer of the governmental unit that submits the proposal or component covered by the proposal.
 2. No cost allocation plan or indirect cost rate shall be approved by the Federal Government unless the plan or rate proposal has been certified. Where it is necessary to establish a cost allocation plan or an indirect cost rate and the governmental unit has not submitted a certified proposal for establishing such a plan or rate in accordance with the requirements, the Federal Government may either disallow all indirect costs or unilaterally establish such a plan or rate. Such a plan or rate may be based upon audited historical data or such other data that have been furnished to the cognizant Federal agency and for which it can be demonstrated that all unallowable costs have been excluded. When a cost allocation plan or indirect cost rate is unilaterally established by the Federal Government because of failure of the governmental unit to submit a certified proposal, the plan or rate established will be set to ensure that potentially unallowable costs will not be reimbursed.

Title I – Workforce Investment Act Regulations

20 CFR 661.200 What is the State Workforce Investment Board?

- (a) The State Board is a board established by the Governor in accordance with the requirements of WIA section 111 and this section.
- (b) The membership of the State Board must meet the requirements of WIA section 111(b). The State Board must contain two or more members representing the categories described in WIA section 111(b)(1)(C)(iii)–(v), and special consideration must be given to chief executive officers of community colleges and community based organizations in the selection of members representing the entities identified in WIA section 111(b)(1)(C)(v).
- (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:
 - (1) The lead State agency officials with responsibility for such program, or
 - (2) In any case in which no lead State agency official has responsibility for such a program service, a representative in the State with expertise relating to such program, service or activity.
 - (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.

RSA Information Memorandum

RSA IM-01-07 – Definition and Documentation of “Expenditures From Non-Federal Sources Under the State Plan”

RSA-IM-01-07

DATE: OCTOBER 26, 2000

BACKGROUND: The Maintenance of Effort (MOE) provision in Section 111(a)(2)(B) of the Rehabilitation Act of 1973, as amended (the Act), the implementing regulation in 34 CFR 361.62 and related policy statements, cite the phrase “expenditures from non-Federal sources under the State Plan,” with respect to the Title I VR Program. Numerous questions have arisen as to the interpretation of “expenditures from non-Federal sources under the State Plan.”

CONTENT: This Information Memorandum supersedes RSA-IM-91-15, dated April 12, 1991.

“Expenditures from non-Federal sources under the State Plan” include only those expenditures that (1) are made from permissible revenue sources, (2) meet allowability requirements, and (3) are allocable to the Title I program.

An “expenditure” (outlay) is defined as an appropriate charge to the program; reported on a cash or accrual basis (EDGAR 80.3). An expenditure is determined to be made when the State agency formally obligates itself to payment and it is considered valid until the obligation is paid, amended or cancelled.

Permissible Revenue Sources

The first requirement to be met in determining whether a non-Federal expenditure must be reported is if it was made from a permissible revenue source. Section 361.60 of the implementing regulations defines the basic non-Federal revenue sources. Note that these funds are those that have been appropriated, allotted, transferred, or contributed to a State agency. The State agency is that organizational entity designated in Section 1, Item 1.2 of the approved Title I State Plan. In addition, certified expenditures from third-party cooperative arrangements meeting the requirements in 34 CFR 361.28 are a permissible source of non-Federal income, as are

appropriate expenditures from Randolph-Sheppard set-aside funds (395.9). Both must be reported on the Financial Status Report (SF-269).

Program income received from the Social Security Administration for rehabilitating Social Security beneficiaries, or any other income meeting the requirements outlined in 34 CFR 80.25 or 361.63, must be reported on lines r, s, and t of the SF-269 report; cannot be used to meet the non-Federal share and will not be used in determining compliance with the maintenance of effort requirement (361.62).

Non-Federal expenditures from revenue sources other than those identified above are not to be reported as expenditures under Title I.

Allowability of Expenditures

The second requirement to be applied in determining whether an expenditure must be reported is if it is allowable under Title I of the Act. The concept of allowability includes whether the expenditure is reasonable and necessary for the proper and efficient administration of the program. In line with this, a State agency must report expenditures for the administration of the State Plan, costs in determining applicant eligibility and in providing services to eligible clients, as well as costs of other services and activities delineated under the nature and scope of services in its approved Title I State Plan.

Allocability of Expenditures

The final requirement as to whether or not an expenditure is to be reported concerns its allocability. To be reported the expenditure must benefit the Title I program and not be allocable to another title of the Act, another Federal grant, or some other non-Title I activity.

This means that State expenditures for Section 110 Federal programs must be reported on the SF-269, but any expenditure to another Federal grant, for example, the In-Service Training Grant, or charged to a State-only program, would not be reported under the Section 110 program. It is important to remember OMB Circular A-87, Section C.3.c, which states, "Any cost allocable to a particular grant or cost objective under the principles provided for in the Circular may not be shifted to other Federal grant programs to overcome fund deficiencies, avoid restrictions imposed by law or grant agreements, or for other reasons."

In summary, reporting non-Federal expenditures is restricted by statutes and implementing regulations and policies. A non-Federal expenditure, to be reported on the SF-269 for Title I of the Act, must meet all three of the foregoing requirements and not just appear to be a Title I supported

activity. Conversely, a non-Federal expenditure that meets all three of the foregoing requirements must be reported.

If a State is determined not to have met the above requirements, a liability to the U.S. Government will be incurred. Repayment will then be sought in line with appropriate procedures under the Act and Departmental regulations.