

**FISCAL YEAR 2017
MONITORING REPORT
ON THE
MAINE DIVISION OF VOCATIONAL
REHABILITATION
VOCATIONAL REHABILITATION
AND
SUPPORTED EMPLOYMENT PROGRAMS**



**U.S. Department of Education
Office of Special Education and
Rehabilitative Services
Rehabilitation Services Administration**

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SECTION 1: EXECUTIVE SUMMARY

A. Background

Section 107 of the Rehabilitation Act of 1973 (Act), as amended by title IV of the Workforce Innovation and Opportunity Act (WIOA), requires the Commissioner of the Rehabilitation Services Administration (RSA) to conduct annual reviews and periodic on-site monitoring of programs authorized under title I of the Act to determine whether a vocational rehabilitation (VR) agency is complying substantially with the provisions of its State Plan under section 101 of the Act and with the evaluation standards and performance indicators established under section 106 subject to the performance accountability provisions described in section 116(b) of WIOA. 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 Services under title VI, of the Act.

Through monitoring of the VR program and State Supported Employment Services program (Supported Employment program) administered by the Maine Division of Vocational Rehabilitation (DVR) in Federal fiscal year (FFY) 2017, RSA:

- Assessed the performance of the VR and the Supported Employment programs with respect to the achievement of quality employment outcomes for individuals with disabilities and those with the most significant disabilities, including students and youth with disabilities; and
- Identified strategies and corrective actions to improve program and fiscal performance related to the following focus areas:
 - Performance of the Vocational Rehabilitation Program;
 - Transition Services, including Pre-Employment Transition Services, for Students and Youth with Disabilities;
 - State Supported Employment Services program
 - Allocation and Expenditure of State Vocational Rehabilitation Services and State Supported Employment Services Program Funds; and
 - Joint Workforce Innovation and Opportunity Act Final Rule Implementation.

In addition, RSA reviewed a sample of individual case service records to assess internal controls for the accuracy and validity of Case Service Report (RSA-911) data and provided technical assistance to the VR agency to enable it to enhance its performance.

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 April 10 through 14, 2017, is described in detail in the Federal [FY 2017 Vocational Rehabilitation Program Monitoring and Technical Assistance Guide](#).

B. Summary of Observations and Findings

RSA's review of DVR resulted in the observations and findings summarized below. The entire observations and findings, along with the recommendations and corrective actions that the agency can undertake to improve its performance are contained within the sections of this report covering the focus areas to which they pertain.

Observations

RSA observed that:

- From FFY 2014 through FFY 2016, approximately one-third of all individuals determined eligible for VR services exited the VR program without employment outcomes, before an individualized plan for employment (IPE) was signed or before receiving services, resulting in fewer individuals in need of, and eligible for, VR services necessary to achieve employment;
- DVR falls below the national performance of general agencies for individuals served who exited with employment outcomes despite the increase of the number of individuals exiting with employment outcomes over the review period;
- During the service record review process, RSA discovered inconsistencies in the dates of applications and IPEs as reflected in supporting documentation in the service records and entries in the case management system;
- A significant number of individuals with disabilities under the age of 25 are exiting the VR system without employment outcomes both before and after receiving services;
- The number of employment outcomes in competitive employment achieved by individuals under the age of 25 at exit remained relatively stable from FFY 2015 through FFY 2016; however, the employment rate decreased to 31.41 percent in FFY 2016, well below the national performance of 54.91 percent for general agencies, and the quality of employment outcomes reflected lower paying occupations;
- Although the vast majority of individuals with disabilities under the age of 25 who achieved employment outcomes in FFY 2016 were individuals with intellectual and learning disabilities and individuals with psychosocial and psychological disabilities, these groups also comprised the highest percentage of individuals with disabilities under the age of 25 who did not achieve employment outcomes in FFY 2016;
- While DVR has made significant positive strides in the provision of four-year university training, the agency has experienced a decrease in the provision of other training such as community college, vocational and on-the-job training; and
- Although DVR reported providing supported employment services, performance data reflect a low number and percentage of supported employment outcomes, suggesting coding and reporting errors and the agency's practice of not distinguishing outcomes as supported employment if competitive integrated employment is achieved.

Findings

RSA found that:

- DVR did not determine the eligibility of applicants for VR services within the required 60-day Federal time frame from the date of application pursuant to 34 CFR §361.41(b)(1);
- DVR did not develop IPEs within 90 days from the date of eligibility determination for each individual in accordance with 34 CFR §§361.45(a)(1) and 361.45(e);
- DVR did not assign obligations and expenditures to the correct Federal award in accordance with 34 CFR §361.12; 2 CFR §§200.77, 200.302, 200.303(a), and 200.309; and 34 CFR §76.702;
- DVR did not have sufficient internal controls to ensure procurements with Federal and non-Federal funds follow State policies and procedures, and the accurate accounting for, and reporting of, the financial results of all Federally assisted activities as required by 2 CFR §§200.302 and 200.317; and 34 CFR §76.702;
- DVR did not accurately report the financial results of all Federally assisted activities in accordance with 34 CFR §361.12, 34 CFR §76.702, and 2 CFR §200.302;
- DVR did not meet the personnel cost allocation requirements in 2 CFR §§200.430 and 200.431;
- DVR did not meet the prior approval requirements in 2 CFR §200.407; and
- DVR did not assign supported employment obligations and expenditures to the correct Federal award in accordance with 34 CFR §361.12; 2 CFR §§200.77, 200.302, 200.303(a), 200.309; and 34 CFR §76.702.

C. Summary of Technical Assistance

During the review process, RSA provided the following technical assistance to DVR:

- Assisted DVR in continuing its efforts with VR counselors to improve the quality of employment outcomes for individuals with disabilities, including youth with disabilities, by encompassing a more career-focused view of employment that maximizes the individual's potential, consistent with his or her interests, abilities, capabilities, and informed choice;
- Explored strategies to reduce attrition and decrease the percentage of individuals exiting the VR system after eligibility, but before the provision of services, as well as how to reduce untimely IPE development;
- Provided possible methods to improve internal controls and improve accountability, tracking, and oversight of temporarily assigned vacant caseloads;
- Provided guidance on the importance of data integrity and reporting, suggesting possible methods for improving accuracy of data related to application and IPE dates, as well as under-reported services and supported employment outcomes;
- Discussed management strategies and variables to be considered in the implementation of the Order of Selection (OOS), such as fiscal forecasting, staff resources, caseload size,

and case management and flow, including the delay in determining eligibility and in developing IPEs;

- Reviewed and provided guidance to clarify and correct inaccuracies in procedural guidance issued by DVR related to the provision of pre-employment transition services pending policy development under the State's regulatory process;
- Provided guidance and clarified requirements to assist DVR in updating the State educational agency (SEA) agreement, including outreach and services to all students with disabilities, and roles and responsibilities of VR and educational agencies;
- Suggested guidance to improve performance in serving youth, including that DVR staff present students and youth with a career development approach that views minimum wage employment as work experience and that promotes continuation of vocational rehabilitation guidance and counseling and other services that assist youth in obtaining higher paying careers;
- Provided information and guidance related to the significant changes to the Supported Employment program to ensure that the updates to policies and procedures under development by DVR would incorporate and implement all of the changes and new requirements;
- Reviewed and commented on a draft memorandum of understanding (MOU) with the Maine Department of Health and Human Services (MDHHS) Offices of Aging and Disability Services, Substance Abuse and Mental Health Services, Child and Family Services, and Maine Care Services;
- Provided guidance to the agency regarding allowable expenditures with Supported Employment program funds;
- Provided information regarding personnel cost allocation requirements in the Uniform Guidance (2 CFR §§200.430 and 200.431) to ensure that personnel costs related to the Supported Employment program were charged appropriately to that program and not solely to the VR award;
- Provided information to DVR regarding personnel cost allocation requirements in the Uniform Guidance (2 CFR §§200.430 and 200.431) to assist DVR in proportionally charging holiday, vacation and sick time to pre-employment transition services based upon the direct hours worked;
- Reviewed and clarified the requirements to ensure accurate Federal reporting and accounting of Federal and non-Federal expenditures in the VR and Supported Employment programs;
- Reviewed and clarified the requirement to provide non-Federal expenditures for the provision of supported employment services, including extended services, to youth with the most significant disabilities;
- Reviewed and clarified the requirements for personnel cost allocation, including charging direct time spent providing services and the travel time spent for direct services provision to the cost objectives under each award;
- Reviewed and clarified the definition of and requirements for internal controls, including a discussion of elements that comprise good internal control systems;

- Reviewed and clarified the requirements related to accounting for expenditures on the SF-425 reports, specifically non-Federal share, Federal unliquidated obligations, and program income;
- Reviewed and clarified the requirements regarding the prohibition against subgranting VR, Supported Employment, and Client Assistance Program (CAP) Federal awards; and
- Reviewed and clarified the requirements related to prior approval and mechanisms for ensuring compliance;
- Reviewed and clarified the differences and requirements for shared costs and infrastructure costs in funding the one-stop delivery system; and
- Reviewed and clarified the requirement that the VR program must be represented on the State Workforce Development Board by a single, unique representative with optimum policy making authority.

DVR and RSA did not identify a need for additional technical assistance.

D. Review Team Participants

Members of the RSA review team included James Billy and Janette Shell (Technical Assistance Unit), Julya Doyle and Mariangela Patruno (Fiscal Unit), Zera Hoosier and Larry Vrooman (Vocational Rehabilitation Program Unit) and Yann-Yann Shieh (Data Collection and Analysis 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.

E. Acknowledgements

RSA wishes to express appreciation to the representatives of DVR for the cooperation and assistance extended throughout the monitoring process. RSA also appreciates the participation of others, such as the State Rehabilitation Council (SRC), the CAP, and advocates, and other stakeholders, in the monitoring process.

SECTION 2: FOCUS AREA – PERFORMANCE OF THE VOCATIONAL REHABILITATION PROGRAM

A. Nature and Scope

Through implementation of this focus area, RSA assessed the achievement of quality employment outcomes by individuals with disabilities served in the VR program by conducting an in-depth and integrated analysis of core VR program data and review of individual case service records. The analysis represents a broad overview of the VR program administered by DVR and included employment outcomes in competitive integrated employment and supported employment. It should not be construed as a definitive or exhaustive review of all available VR program data. The data generally measure performance based on individuals who exited the VR program during the most recently completed three-year period for which data are available. Consequently, the tables do not provide complete information that could otherwise be derived from examining open service records. The analysis includes the number of individuals participating in the various stages of the VR process; the number and quality of employment outcomes; the services provided to eligible individuals; the types of disabilities experienced by individuals receiving services; and the amount of time individuals are engaged in the various stages of the VR process, including eligibility determination, development of the IPE, and the provision of services. RSA also reviewed policies and procedures related to internal controls necessary for the verification of data and compared the performance of DVR with that of all VR agencies of similar type (i.e., general VR agencies) as appropriate.

In addition to data tables, the review team used a variety of other resources to better understand the performance trends indicated by the outcomes measured. Other resources included, but were not limited to:

- Agency policies and procedures related to the provision of transition and pre-employment transition services, competitive integrated employment, and supported employment services; and
- Description in the VR services portion of the program year 2016 Unified State Plan describing goals and priorities pertaining to the performance of the VR program.

The review teams shared the data with the VR agency prior to the on-site visit and solicited information throughout the review process explaining the performance trends demonstrated by the data. Specifically, the review teams met with:

- The VR agency director;
- VR agency managers and supervisors;
- VR counselors;
- VR agency personnel; and
- Representatives of the SRC, the CAP, and other VR program stakeholders.

In addition to a review of the RSA-911 and Quarterly Cumulative Caseload Report (RSA-113) data provided by the VR agency, RSA conducted a review of individual case service records. RSA provided guidelines to the VR agency prior to the on-site visit. The review team discussed the selection of service records with DVR, and the method it uses to maintain records. RSA used the information obtained through the review of service records to assess DVR's internal controls for the accuracy and validity of RSA-911 data.

The review team provided technical assistance on the joint performance accountability measures established in section 116(b) of WIOA. RSA did not issue compliance findings on these measures. However, the review team and VR agency used these measures to discuss the potential effect of the joint performance accountability measures on the State and agency level performance.

RSA provided additional technical assistance to the VR agency during the course of monitoring to enable it to improve programmatic performance.

B. Overview of Performance Data and Internal Controls

RSA reviewed DVR's performance for FFYs 2014, 2015, and 2016, with particular attention given to the number and quality of outcomes achieved by individuals with disabilities in the State. Additionally, the review addressed the number of individuals who were determined eligible for VR services, who were placed on a waiting list due to implementation of an Order of Selection (OOS), and who received services through the VR program. The data used in this review were provided by DVR to RSA on the RSA-113 and the RSA-911. Program performance data for this section are found in Appendix A of this report.

Order of Selection

DVR implemented an OOS in January 2016 as a result of an anticipated shortfall in funding. DVR also noted an increase in case service expenditures of about 20 percent, primarily due to an increase in individuals seeking assistance with hearing aid costs. As a result of the implementation of the OOS, the number of applicants decreased slightly from 4,967 (FFY 2015) to 4,494 (FFY 2016). Similarly, during the same period, the total number of eligible individuals decreased from 6,100 to 5,248. The effect of the implementation of the OOS during the second quarter of FFY 2016 related to the number of individuals receiving services cannot be accurately determined based upon closed case data; however, the number of individuals receiving services continued to increase from previous years to a total of 6,025 reported on September 30, 2016. DVR had 165 individuals on the OOS waiting list on September 30, 2016, and this number continued to increase through the first half of FFY 2017. DVR reported 210 individuals on the OOS waiting list on March 30, 2017.

The VR Process

From FFY 2014 through FFY 2016, the total number of applicants decreased from 4,820 individuals to 4,494 individuals; and the total number of individuals eligible for VR services

decreased from 5,725 to 5,248 individuals. The number of individuals with an IPE who received services increased from 4,758 individuals in FFY 2014 to 6,025 individuals in FFY 2016.

During FFY 2014 through FFY 2016, of all individuals whose service records were closed, the number of individuals who exited from DVR's VR system as applicants increased from 616 individuals or 16.5 percent in FFY 2014, to 728 individuals or 16.1 percent in FFY 2016, higher than the national performance of 12.9 percent for all general agencies. During the same time period, the percentage of individuals who exited from the VR system without employment outcomes, after eligibility determination, but before an IPE was signed and services were received, decreased from 34.0 percent of all individuals whose service records were closed in FFY 2014, to 32.1 percent in FFY 2016, which was greater than the national performance of 27.0 percent for all general agencies.

Closed case data in Table 3.4a show compliance with the 60-day time frame from application to eligibility varied between 61.3 percent (FFY 2014) and 58.5 percent (FFY 2016). To determine current performance, the RSA review team analyzed open case data provided by DVR for all individuals determined eligible during the period of September 22, 2016, through March 31, 2017. Analysis of this open case data indicated that DVR was in compliance with the 60-day eligibility requirement for 76.5 percent of the individuals determined eligible. DVR's open case data show that the average time for eligibility determination exceeds 60 days in only one region, the Southern Region of the State, where caseloads are higher and staff vacancies occur more frequently.

In addition, data provided by DVR covering the time period from October 1, 2016, through February 28, 2017, show that the average number of days required for eligibility determination in the Southern Region was 64.3 days, 61.1 days in the Central Region and 44.3 days in the Northern Region, with an average of 58.9 days statewide. This represents substantial improvement over DVR's performance for FY 2015, where the average time for eligibility was 80.4 days in the Southern Region, 70.4 days in the Central Region, and 39 days in the Northern Region, with a statewide average of 68 days. The agency attributes the improved performance toward meeting the 60 day time frame to eliminating a reliance on excessive assessment prior to eligibility determination and establishing the expectation for timely eligibility determinations and rapid engagement of individuals in the VR process.

The percentage of individuals whose IPEs were developed in 90 days or less varied between 49.0 percent (FFY 2014) and 52.5 percent (FFY 2016). However, this data reflects closed cases where initial IPEs may have been developed, in large part, when DVR operated under a 180-day IPE development time frame. To assess current performance under the new requirements, RSA reviewed open case data provided by DVR for all individuals who received a signed IPE during the period of September 22, 2016, through March 31, 2017, which show that DVR was in compliance with the 90-day IPE development time frame for 86.6 percent of those individuals. Additional data provided by DVR prior to the on-site review showed the average number of days from eligibility to IPE was 92.3 statewide for the period of October 1, 2016, through February 28, 2017. The average varied by region with 90.5 days in the Southern Region, 80.8 days in the Central Region, and 109.4 days in the Northern Region.

VR Services Provided

With a few specific exceptions, DVR's service provision to individuals with disabilities did not differ significantly from similar agency types nationally. DVR's reported use of assessment services was 30.7 percent in FFY 2016, well below the national general agency performance of 64.0 percent. DVR's provision of rehabilitation technology was just 2.6 percent compared to the national general agency performance of 13.8 percent. DVR staff noted that many assessment services are provided in-house and may not always be reflected in the IPE as no purchased services are involved. The closed case data may also be skewed by legacy cases where DVR conducted more assessments prior to eligibility and, thus, fewer assessments were conducted under an IPE. DVR also stated that the agency has improved its eligibility determination practices, limiting the assessments done during the eligibility period to only those needed to determine eligibility and deferring other assessment activity to the IPE development or service delivery phases when, and if, appropriate. DVR indicated that the lower percentage of rehabilitation technology services may be due to coding practices used by VR counselors and the availability of other comparable rehabilitation technology services in Maine that may not be recognized as rehabilitation technology.

Notably, DVR showed a significant increase in the provision of four-year or university training from 8 individuals (0.4 percent) in FFY 2014 to 194 individuals (7.8 percent) in FFY 2016, resulting in a higher percentage in FFY 16 than the national performance of 6.2 percent for all general agencies. Job readiness training hovered between 3.5 percent in FFY 2015 and 4.9 percent in FFY 2014, below the performance for all general agencies of 12.7 percent. Although data for FFY 2014 and FFY 2015 show DVR provided no customized employment services, FFY 2016 data show DVR provided customized employment services to 193 individuals (7.7 percent), well above the performance of general agencies nationally of 0.6 percent, and nearly one-fifth of the 965 individuals provided customized employment services nationally by general agencies in FFY 2016.

Employment Outcomes

The number of individuals exiting with employment outcomes increased from 1,010 in FFY 2014 to 1,166 in FFY 2016; however, the percentage decreased from 27.1 percent in FFY 2014 to 24.0 percent in FFY 2016, compared to the national performance in FFY 2016 of 33.6 percent for general agencies. The number of individuals served who exited without employment increased from 781 individuals in FFY 2014 to 1,335 individuals in FFY 2016, which DVR attributed to caseload clean-up efforts in 2016. This increase in unsuccessful closures effectively increased the total number of cases closed in FFY 2016, resulting in a decrease in the percentage of individuals exiting the VR program with an employment outcome despite the increase in the number of employment outcomes. The employment rate for all individuals served during the period reviewed decreased in FFY 2016 to 46.6 percent compared to the national employment rate of 57.2 percent for general agencies.

The average hourly earnings for individuals exiting the program in employment show a steady increase from \$12.30 to \$13.79 for the period covered, while the average hours per week varied

from 27.9 (FFY 2014) to 28.55 (FFY 2015), to 27.96 (FFY 2016). This compares favorably to average hourly earnings of \$12.37 earned by individuals served by general agencies. It also compares favorably to the average hours worked per week by individuals served by general agencies, which was 30.4 hours in FFY 2016.

Data for FFY 2014 through FFY 2016 show that nearly twice as many individuals with auditory and communicative disorders were served by DVR than the percent served nationally in FFY 2016 by general agencies, and employment outcomes for this group more than doubled the national performance in FFY 2016. This group achieved the highest employment rate (79.6 percent). Individuals with auditory and communicative disabilities also had the highest national employment rate, which was 81.5 percent in FFY 2016.

The top five occupational areas for employment outcomes achieved in FFY 2016 were Transportation and Material Moving Occupations (14.8 percent), Office and Administrative Support Occupations (13.0 percent), Food Preparation and Serving Related Occupations (9.3 percent), Sales and Related Occupations (8.6 percent), and Building and Grounds Cleaning and Maintenance (8.1 percent). These occupational categories are comparable to the top five categories for all general agencies. The RSA review team found that the percentage of individuals exiting DVR into employment in professional and technical fields equals or slightly exceeds the national general agency performance, with Management Occupations, Healthcare Practitioners and Technical Occupations exceeding the national performance for general agencies by at least two percent, reflecting positively on the quality of employment outcomes achieved by individuals exiting DVR.

Internal Controls

During the on-site monitoring review, the RSA team conducted a targeted review of a sample of 30 individual service records of individuals who did or did not achieve employment, to ensure the documentation in the service record was accurate, complete, and supported the data entered into the RSA-911 with respect to the date of application, date of eligibility determination, date of IPE, start date of employment in primary occupation at exit or closure, hourly wage at exit or closure, employment status at exit or closure, type of exit or closure, and date of exit or closure.

The service record review results, summarized in Appendix B, indicate that the date of application reported in the RSA-911 was correct in 20 of the 30 cases reviewed, resulting in an accuracy rate of 67 percent. The RSA team also found that correct IPE dates were reported in 24 of 30 cases, resulting in an accuracy rate of 80 percent. Errors in other data elements were rare as the reviewers found a single case containing an incorrect eligibility date and single case containing an inaccurate start date of employment, producing a 97 percent accuracy rate for those elements and a 100 percent accuracy rate for the remaining data elements.

Overall, 14 of the 30 cases contained no errors, creating an overall accuracy rate of 46.7 percent. Consistent with this lower overall rate, the errors found by the RSA team were evenly distributed over the remaining 16 cases. Only two of the 16 cases with errors contained multiple errors; date

of application and date of IPE in one case; and date of IPE and start date of employment in the other case.

With the exception of a single occurrence in both employment start date and eligibility determination date, all the errors were made in either date of application or date of IPE, suggesting that there are specific factors or agency practices that contribute to high error rates in these specific data elements. While on-site, the RSA review team discussed the error rates in date of application and date of IPE with DVR staff. The consensus among the DVR staff was that errors were more likely in these data elements due to the practice of itinerant VR counselors working with individuals in remote areas of the State completing documents in the field, and experiencing a delay in entering information into the case management system after the VR counselor's return to the office.

DVR stated that the case management system automatically populates the date of application based on the current date of entry, unless the individual entering the data manually corrects the date to reflect the date from the application form. The application date is not updateable by field staff once the page has been saved, and any correction requires an override by central office staff.

DVR supervisors meet with VR counselors and use a number of case status reports to monitor case flow and timely completion of milestones including 60-day eligibility and 90-day IPE completion. Written policies and procedures are in place to support the quality assurance process. Higher turnover and resulting staff shortages in the southern areas of the state result in vacant caseloads that must be temporarily assigned to other VR counselors with already full caseloads. DVR believes the high staff turnover rate and caseloads contribute significantly toward delays in the completion of eligibility determinations and IPEs.

C. Analysis of Performance and Observations

RSA's review and analysis of the performance of DVR in this focus area resulted in the following observations. See section B above for data referenced in the observations below. The recommendations to improve DVR's performance related to the observations are in section D of this focus area.

2.1 Attrition

Observation: From FFY 2014 through FFY 2016, approximately one-third of all individuals determined eligible for VR services exited the VR program without employment outcomes, before an IPE was signed or before receiving services. As a result, fewer individuals in need of, and eligible for, VR services received necessary services or achieved employment.

- From FFY 2014 through FFY 2016, the number of individuals who exited the VR program, after being determined eligible for VR services, but before an IPE was developed increased from 1,267 individuals in FFY 2014 to 1,559 in FFY 2016.
- DVR stated that in FFY 2016, to prepare for reporting through the revised RSA-911, VR

counselors were cleaning up caseloads by closing inactive cases in which individuals were not responding to contact attempts, could no longer be located, or were no longer demonstrating an interest in VR services.

- DVR attributed the delays in IPE development and increasing demands on VR counselors to effectively serve all individuals due to staff resource limitations, distribution of vacant caseloads, and the new demands and populations (e.g., potentially eligible students with disabilities) to be served under the Act.
- DVR indicated the recovery from the economic downturn in 2008 resulted in greater opportunities for individuals willing to work for minimum wage to find a job, and consequently, DVR has found that individuals, and in particular youth under age 25, are more likely to exit VR prior to services or into a job unrelated to the individual's employment goal, simply due to the availability of a job, resulting in an exit prior to service or, in some instances, an unsuccessful closure.

2.2 Employment Outcomes

Observation: DVR falls below the national average for general agencies in the percentage of individuals served who exited with employment outcomes despite the increase of the number of individuals exiting with employment outcomes over the review period.

- The number of individuals exiting with employment outcomes increased from 1,010 in FFY 2014 to 1,166 in FFY 2016; however, the percentage decreased from 27.1 percent in FFY 2014 to 24.0 percent in FFY 2016, compared to the national performance in FFY 2016 of 33.6 percent for all general agencies.
- The number of individuals served who exited without employment increased from 781 individuals in FFY 2014 to 1,335 individuals in FFY 2016, which DVR attributed to the caseload clean-up efforts in 2016. This increase in unsuccessful closures effectively increased the total number of cases closed in FFY 2016, resulting in a decrease in the percentage of individuals exiting the VR program with an employment outcome despite the increase in the number of employment outcomes.
- The employment rate for all individuals served during the period reviewed, decreased in FFY 2016 to 46.6 percent compared to the national employment rate of 57.2 percent for general agencies.

2.3 Service Record Review Process

Observation: During the service record review process, RSA discovered inconsistencies in the dates of application and IPE between supporting documentation in the service record and entries in the case management system.

- The service record review results, summarized in Appendix B, indicate that the date of application reported in the RSA-911 was correct in 20 of the 30 cases reviewed, resulting in an accuracy rate of 67 percent.
- The RSA team also found that correct IPE dates were reported in 24 of 30 cases, resulting in an accuracy rate of 80 percent.

DVR suggested that one explanation that could account for discrepancies is that VR counselors working on an itinerant basis in remote areas of Maine complete documents in the field and may experience delays in entering information into the case management system upon their return to the office.

D. Recommendations

RSA's review of the performance of the VR program in this focus area resulted in the following recommendations. Appendix C of this report indicates whether or not the agency has requested technical assistance to enable it to implement any of the below recommendations.

RSA recommends that DVR:

2.1 Attrition

- 2.1.1 Conduct surveys of individuals who exit the VR program after eligibility is determined but before IPEs are developed to determine the reasons why these individuals are withdrawing from the program;
- 2.1.2 Based on the information obtained through this survey, develop goals with measurable targets to decrease the number of individuals exiting the VR program at this stage of the process and strategies to achieve these goals;
- 2.1.3 Ensure VR counselors are engaging individuals who may be seeking minimum-wage jobs to assist them with VR services while they are employed to achieve career-focused goals for employment that maximizes the individual's potential, consistent with his or her interests, abilities, capabilities, and informed choice; and
- 2.1.4 Assess barriers and challenges to timely IPE development and provide staff training to address barriers.

2.2 Employment Outcomes

- 2.2.1 Monitor performance related to employment outcomes to ensure that both the numbers and percentages stabilize after the case service record clean-up efforts in FFY 2016 and do not, in fact, indicate a downward trend.

2.3 Accuracy and Consistency of Reported Data

- 2.3.1 Identify the factors or practices leading to incorrect/inconsistent dates of application and IPE;
- 2.3.2 Update procedures and internal controls to ensure accurate data entry for dates of application and IPE;
- 2.3.3 Develop a monitoring process to ensure ongoing accuracy for dates of application and IPE; and
- 2.3.4 Develop a process to override case management automatic population of dates.

E. Findings and Corrective Actions to Improve Performance

RSA's review of the performance of the VR program in this focus area resulted in the identification of the following findings and corrective actions to improve performance. Appendix C of this report indicates whether or not the agency has requested technical assistance to enable it to implement any of the below corrective actions.

2.1 Untimely Eligibility Determination

Issue: Is DVR determining the eligibility of applicants for VR services within the required 60-day Federal time frame from the date of application.

Requirement: Under 34 CFR §361.41(b)(1), eligibility determinations are to be made for individuals who have submitted an application for VR services, including applications made through common intake procedures in one-stop centers under section 121 of WIOA, within 60 days, unless there are exceptional and unforeseen circumstances beyond the control of the designated State unit (DSU) and the individual and DSU agree to a specific extension of time or an exploration of the individual's abilities, capabilities, and capacity to perform in work situations is carried out in accordance with 34 CFR §361.42(e).

Analysis: As part of the monitoring process, RSA analyzed the length of time it took for DVR to make eligibility determinations for VR applicants.

FFY 2016 data reported by DVR on the RSA-911 and current year data show:

- Of all individuals served whose service records were closed in FFY 2016, 58.5 percent had an eligibility determination made within the required 60-day period, compared to the national performance of 84.4 percent for general agencies;
- Data requested from and provided by DVR indicated that of 1,209 individuals moved from application to eligibility from September 22, 2016, through March 31, 2017, 904 of those individuals were determined eligible within 60 days; of the 305 cases taking longer than 60 days, 21 cases had valid eligibility extensions consistent with DVR's policy; demonstrating that 76.5 percent of all cases during this period of time were in compliance with the 60-day eligibility requirement found at 34 CFR §361.41(b)(1);
- Of the total individuals under age 25 served, only 59.57 percent at exit whose service records were closed in FFY 2016 had an eligibility determination made within the required 60-day period, compared to the national performance of 82.89 percent for general agencies;
- From September 22, 2016, through March 31, 2017, 480 of the 1,209 individuals who moved from application to eligibility were under age 25, and data analysis indicated that 358 of the individuals in the under 25 age group moved from application to eligibility in 60 days or less, a percentage of 74.6 percent, which is not significantly different than the agency performance for all individuals; and

- Of all individuals served whose service records were closed in FFY 2016, 17.18 percent had an eligibility determination made within the 61-day to 90-day period, compared to the national performance of 8.88 percent for general agencies.

During the on-site monitoring visit, the RSA team found that DVR has internal controls in place, including a web-based case management system that includes “activity due” notices. This is augmented by monthly clinical supervision of VR counselors by their supervisors and use of case status reports. DVR’s data indicated that the majority of eligibility determinations in excess of 60 days primarily occur in the southern part of the state. DVR noted that in these southern offices, caseloads are higher and DVR struggles to maintain the approved staffing level due to higher staff turnover. This results in vacant caseloads that must be assigned to other staff who already have full caseloads. DVR staff believe this to be the primary impediment to meet the 60-day eligibility requirement.

Conclusion: As a result of the analysis of both closed service record performance data and recent open service record performance data, RSA concluded that DVR did not satisfy the eligibility determination requirements in 34 CFR §361.41(b)(1).

Corrective Action Steps: RSA requires that DVR:

- 2.1.1 Comply with 34 CFR §361.41(b)(1) by making eligibility determinations within the required 60-day period;
- 2.1.2 Fully assess and identify the factors leading to eligibility determinations exceeding 60 days (e.g. effective and efficient management of vacant caseloads) and develop and implement a plan to address and correct the identified factors;
- 2.1.3 Develop and implement internal controls, including a monitoring component, to ensure eligibility determination requirements are met; and
- 2.1.4 Substantially meet the 60-day eligibility determination requirement by reducing the time required for an eligibility determination to 60 days or less, or when appropriate, ensure a properly documented and approved eligibility determination extension is in place.

2.2 Untimely Development of the IPE

Issue: Is DVR developing IPEs within 90 days from the date of eligibility determination for each individual.

Requirement: In accordance with 34 CFR §361.45(a), the VR services portion of the Unified or Combined State plan must assure that an IPE meeting the requirements of this section and 34 CFR §361.46 is developed and implemented in a timely manner for each individual determined to be eligible for VR services or, if the DSU is operating under an order of selection pursuant to 34 CFR §361.36, for each eligible individual to whom the State unit is able to provide services; and that services will be provided in accordance with the provisions of the IPE. In addition, under 34 CFR §361.45(e), the IPE must be developed as soon as possible, but not later than 90 days after the date of determination of eligibility, unless the State unit and the eligible individual agree to the extension of that deadline to a specific date by which the IPE must be completed.

Analysis: As part of the monitoring process, RSA analyzed the length of time it took for DVR to develop IPEs for individuals determined eligible for VR services.

FFY 2016 data reported by DVR on the RSA-911 and current year data show:

- Of all individuals served whose service records were closed in FFY 2016, 52.5 percent had an IPE developed within the required 90-day period, compared to the national performance of 72.8 percent for general agencies;
- Data requested from and provided by Maine DVR indicated that 803 individuals received a signed IPE from September 22, 2016, through March 31, 2017, with 695 of those individuals obtaining the IPE within 90 days of eligibility and no valid extensions for the 108 individuals whose IPE took longer than 90 days to develop as required in 34 CFR §361.45(e);
- The percentage of all individuals served whose service records were closed in FFY 2016 with IPEs developed beyond the required 90-day period was 47.5 percent, compared to the national performance of 27.2 percent for general agencies;
- Of individuals under age 25 at exit whose service records were closed in FFY 2016, 40.77 percent had an IPE developed within the required 90-day period, compared to the national performance of 69.93 percent for general agencies;
- From September 22, 2016, through March 31, 2017, 287 of the 803 individuals that moved from eligibility to plan were under age 25, with 244 of these individuals moving from eligibility to plan in 90 days or less, resulting in 85.0 percent of youth developing an IPE within 90 days, only slightly lower than the 86.6 percent compliance rate for all individuals; and
- Of the two individuals served who achieved supported employment and whose service records were closed in FFY 2016, none had an IPE developed within the required 90-day period, compared to the national performance of 76.93 percent for general agencies, and both individuals' IPEs were developed later than 12 months.

While DVR did not achieve 100 percent compliance with the requirement, DVR's performance represents a significant improvement. Timely IPE development has been a long-standing issue for the agency, and prior to the amendments to the Act in title IV of WIOA, DVR operated under a 180-day IPE development time frame. DVR has accomplished a significant cultural change within the agency, where counselors are now focused on rapid engagement of individuals in the VR process and are developing reasonable and flexible employment goals that can evolve through the IPE amendment process as individuals expand their horizons and develop a greater understanding of their interests, abilities and career potential. DVR does not currently use IPE extensions, preferring to apply the 90-day standard to all cases to facilitate more rapid engagement of the individual.

DVR staff noted a pattern in their internal IPE data, similar to the pattern discussed above in the eligibility data, indicating that the cases exceeding 90 days for IPE development occur more often in offices in southern Maine, where caseloads are higher and staff vacancies are more

prevalent, resulting in counselors with full caseloads having to assume vacant caseloads until positions can be filled. DVR staff indicated this was potentially the primary factor in cases exceeding 90 days for IPE development.

Conclusion: As the FFY 2016 performance data demonstrate, DVR did not develop IPEs within 90 days following the date of eligibility determination for each eligible individual whose service record was closed; and, although open case data presented by the agency showed improvement, the development of the IPE for each individual did not meet the 90-day time frame and valid extensions were not in place. As a result of the analysis, DVR did not develop IPEs in a timely manner pursuant to 34 CFR §361.45(a)(1) and within the required 90-day period pursuant to 34 CFR §361.45(e).

Corrective Action Steps: RSA requires that DVR:

- 2.2.1 Comply with 34 CFR §361.45(a)(1) and (e) to ensure IPEs are developed within the 90-day Federal time frame from date of application;
- 2.2.2 Assess factors leading to untimely IPE development and develop and implement a plan to address these factors;
- 2.2.3 Evaluate current procedures for tracking and monitoring counselor performance and efficient practices used by high performing VR counselors and supervisors to ensure timely IPE development, including the development of internal control processes, use of case management tools, and supervisory review of, timely IPE development; and
- 2.2.4 Develop goals and strategies to improve VR counselor performance specific to timely IPE development.

F. Technical Assistance

During the course of monitoring activities, RSA provided technical assistance to DVR as described below.

Maximizing Quality Employment

The RSA team provided technical assistance to DVR regarding the agency's continued efforts with VR counselors to improve the quality of employment outcomes for individuals with disabilities, including youth with disabilities, by encompassing a more career-focused view of employment that maximizes the individual's potential, consistent with his or her interests, abilities, capabilities, and informed choice. DVR has made significant progress in this area, and RSA suggested further empowerment of VR counselors to continue working with youth or other individuals who are employed at minimum wage jobs, particularly when that employment may not represent employment that maximizes the individual's career potential in an occupation that is well suited to their interests, abilities and capabilities.

Reducing Attrition

DVR and RSA discussed strategies to decrease the percentage of individuals exiting the VR system after eligibility, but before the provision of services, as well as how to reduce untimely IPE development, such as the use of case coordinators to gather information and documentation to be used in making an eligibility determination; piloting the use of experienced VR counselors as intake counselors to make timely eligibility determinations and development of the IPE; evaluating and measuring VR counselor performance; and using case management reports to address timely provision of services and to inform management of VR counselor training needs.

Improving Internal Controls and Supervisory Oversight of Caseloads

RSA provided technical assistance on possible methods to improve internal controls and accountability, as well as, tracking and oversight of temporarily assigned vacant caseloads. RSA noted this was particularly important to assist DVR in improving performance on the 60-day eligibility and 90-day IPE development time frame requirements. Possible solutions suggested by the RSA team included increased use of weekly, bi weekly and monthly case status reports, and greater involvement of supervisors in tracking approaching due dates, particularly in vacant caseloads.

Data Integrity and Reporting

RSA provided technical assistance regarding data integrity and possible methods for improving the accuracy of dates of application and IPE development, particularly when the data entry is performed at a later date. The RSA team and DVR staff discussed possible methods of improving the accuracy of data entry for these two elements as a means to significantly improve the overall error rate. Suggestions included modification of the case management system interface to remove auto-populated dates in the date of application field, and/or inclusion of pop-up windows to remind staff to compare the date being entered into the system with the date on the supporting documentation form to ensure that the dates are the same.

Additionally, RSA provided technical assistance regarding the need to identify all services on the IPE related to achieving the employment goal, including services provided by other agencies as comparable benefits. RSA indicated this was particularly important with secondary education, postsecondary education and supported employment where not including services provided by other entities as comparable benefits could result in under-reporting of services. RSA also provided technical assistance related to the accurate reporting of supported employment outcomes.

Implementation of the Order of Selection

RSA provided feedback and technical assistance on the OOS implementation by DVR, including discussion of currently open and closed categories. Technical assistance focused on strategies for management and variables to be considered in the implementation of the OOS including fiscal

forecasting, staff resources, caseload size, and case management and flow, including the delay in determining eligibility and in developing IPEs.

DVR has not requested additional technical assistance in the performance area.

SECTION 3: FOCUS AREA – TRANSITION SERVICES, INCLUDING PRE-EMPLOYMENT TRANSITION SERVICES FOR STUDENTS AND YOUTH WITH DISABILITIES

A. Nature and Scope

Through the implementation of this focus area, RSA assessed the VR agency performance and technical assistance needs related to the provision of transition services, including pre-employment transition services, to students and youth with disabilities and the employment outcomes achieved by these individuals. For purposes of the VR program, “transition services” are defined as a coordinated set of activities for a student or youth with a disability, designed within an outcome-oriented process that promotes movement from school to post-school activities, including postsecondary education, vocational training, competitive integrated employment, supported employment, continuing and adult education, adult services, independent living, or community participation.

The Act, as amended by WIOA, places heightened emphasis on the provision of services, including pre-employment transition services, to students and youth with disabilities to ensure they have meaningful opportunities to receive training and other services necessary to achieve employment outcomes in competitive integrated employment. Pre-employment transition services are designed to help students with disabilities to begin to identify career interests that will be explored further through additional vocational rehabilitation services, such as transition services.

“Pre-employment transition services,” defined in section 7(30) of the Act and 34 CFR §361.5(c)(42), include both required activities and authorized activities specified in section 113 of the Act and in 34 CFR §361.48(a). Pre-employment transition services also include pre-employment transition coordination activities. Section 113(a) of the Act requires that VR agencies provide, or arrange for the provision of, pre-employment transition services to students with disabilities who are eligible or potentially eligible for VR services. The term “potentially eligible” is specific to the provision of pre-employment transition services but is not defined in the Act. A “student with a disability,” as defined in section 7(37) of the Act and 34 CFR §361.5(c)(51), includes the minimum age for the receipt of pre-employment transition services, the minimum age for the provision of transition services under IDEA, and the maximum age for the receipt of services under IDEA; thus, the implementing definition of “student with a disability” may vary from State to State.

“Youth with a disability” is defined in section 7(42) of the Act and in 34 CFR §361.5(c)(58) as an individual with a disability who is age 14 through 24. The distinction between the definitions of “student with a disability” and “youth with a disability” is critical for purposes of the various authorities for providing transition-related services, including pre-employment transition services.

During the monitoring process, RSA and the VR agency jointly reviewed applicable data and documentation related to transition and pre-employment transition services, which included:

- State educational agency (SEA) and local educational agency (LEA) agreements;
- Policies related to the provision of transition services, including pre-employment transition services;
- An on-the-job training agreement;
- Assurance 4(c) and descriptions (j), (m), and (o), and any other relevant information from the most recently submitted VR services portion of the Unified or Combined State Plan;
- Federal Financial Report (SF-425) reporting procedures, especially as those procedures relate to the proper accounting and reporting of expenditures with funds reserved under section 110(d)(1) of the Act for the provision of pre-employment transition services for students with disabilities;
- Supporting documentation for expenditures incurred with funds reserved for the provision of pre-employment transition services and reported in line 12b of the SF-425; and
- Updated policies or procedures for tracking expenditures for the provision of pre-employment transition services for: 1) purchased services and services provided by VR agency personnel; and 2) related procedures to exclude administrative costs from expenditures paid with funds reserved under section 110(d)(1) for the provision of pre-employment transition services (section 110(d)(2) of the Act prohibits such costs from being paid for with funds reserved under section 110(d)(1)).

In gathering information related to the provision of transition services, including pre-employment transition services, RSA consulted:

- The VR agency director and other senior managers;
- VR agency fiscal officers and staff;
- VR agency counselors;
- VR agency transition coordinators and staff; and
- Educational agencies.

B. Overview

DVR provides transition and pre-employment transition services to students and youth with disabilities through a staff of 25 dedicated Rehabilitation Counselor II positions located in One-Stop Centers around the State. Additional VR Counselor I staff provide intake, data collection, and delivery of pre-employment transition services. A Rehabilitation Counselor II is assigned to each high school in Maine to serve as a liaison for referrals, attend Individualized Education Program (IEP) meetings, and collaborate with the educational agency in the provision of transition and pre-employment transition services. In addition, a DVR youth employment consultant works with students and youth with disabilities in two large districts in southern Maine to identify work-based learning and employment opportunities. Students with disabilities

may self-refer or be referred to DVR by school personnel in LEAs, including teachers, school psychologists, guidance counselors, and IEP teams.

Individualized transition services are provided under an IPE to students and youth with disabilities who have applied and been determined eligible for VR services. Although, historically, DVR began providing VR services to students with disabilities two years prior to their exit from school, DVR expects to begin providing VR services under an IPE earlier as students begin receiving pre-employment transition services and apply for VR services at an earlier age.

DVR provides or arranges for the provision of pre-employment transition services for all students with disabilities in need of such services who are eligible or potentially eligible for services under section 113 of the Act. For purposes of the provision of pre-employment transition services, the age range for a “student with a disability” in Maine is age 14 to 21. DVR provides all five required activities statewide directly, in collaboration with schools, and through contracts with community rehabilitation providers (CRPs) and the Alpha One center for independent living. Alpha One provides webinars that focus on the development of independent living, self-determination, and workplace readiness skills in addition to conducting career exploration workshops.

DVR implements contracts and projects to serve students and youth with disabilities statewide. For example, DVR contracts with CRPs to implement a pilot project to provide progressive employment services to students in the heavily populated southern part of Maine. The progressive employment model uses job shadows, mock interviews, company tours and other strategies to assist individuals in identifying their interests and preferences for work. Work experiences in integrated settings are provided through summer youth programs and other opportunities compensated at minimum wage. In the northern area of the State, DVR is beginning a work-based learning demonstration project funded by a grant from RSA and implemented in partnership with the Jobs for Maine Graduates (JMG) initiative to enhance services, curricula and staff capacity to better serve students with disabilities through a network of JMG specialists in participating schools. The demonstration grant also includes the use of a progressive employment model for career exploration and work experience. Separate from this demonstration grant, DVR is contracting with JMG on a fee-for-service basis to provide pre-employment transition services to students with disabilities. In central Maine, DVR is working with Eastern Maine Community College to provide summer work experience opportunities for students with disabilities.

DVR is piloting two models for the delivery of pre-employment transition services required activities, the Transition Career Exploration Workshop (TCEW) and the Job Club. The Maine Department of Labor, Bureau of Rehabilitation Services (BRS), created the TCEW for students and youth with disabilities as an adaptation to the Career Exploration Workshop. The curriculum is shared broadly with public schools, career centers, special purpose private schools, day programs and community organizations serving youth. Workshop sessions may be conducted by DVR staff, staff from schools and organizations, or both.

The TCEW consists of 18 modules that are provided within a framework of student self-discovery. Modules can be delivered in sequence, or separately as needed. For example, DVR may attend a transition fair to provide one or two modules or activities from the TCEW curriculum as requested by the participant partners. The workshop is typically provided to groups of students with disabilities in a variety of settings. The facilitators manual, materials and presentation slides are available online. DVR created a customized TCEW curriculum for deaf students that places emphasis on disclosure of disability, use of interpreters and other communication principles. The curriculum also uses retired deaf employees as presenters and mentors and a visit to a career center as part of the career exploration component.

TCEW places emphasis on self-discovery as the beginning step in the career development process. Students learn about their interests, values, skills and abilities, and their rights as individuals with disabilities as well as strategies for occupational exploration, informational interviewing, and preparing for a job search. The student is guided through the modules using slide presentations, interactive activities, and various inventories. The student records specific information gathered from each module in a participant workbook for use by the student and the vocational rehabilitation counselor to develop the student's individualized plan for employment.

DVR also provides a one hour after school job club in three western Maine high schools for interested students referred by their teacher. The purpose of the job club is to assist students in grades nine through twelve to build skills that will prepare them to seek employment and does not involve getting a job during the workshop. DVR provided RSA with an outline of the workshop based on the areas students identified to help them in finding and keeping a job. The outline indicates that the job club addresses career exploration, interviewing skills, applications, disclosure of disability, coping skills in the workplace, interpersonal skills, transferrable skills, resume writing, work preferences, goal setting, transportation to jobs not close to home, and self-advocacy. Guest speakers include the DVR employment specialist and a local employer. A tour of a college is also included. RSA did not have information regarding the session framework or specific information presented to provide an in-depth analysis of the job club components. Some sessions of the job club, such as career exploration and self-advocacy, could possibly align with one of the five required activities of pre-employment transition services.

To plan for and identify the needs of students and youth with disabilities, DVR has used data from the Maine Department of Education (DOE) on the number of students by grade level and by disability receiving special education services or educational accommodations under section 504. In addition, DVR has gathered information from youth currently receiving services, special education staff, parents' organizations, and other sources. Although the comprehensive statewide needs assessment (CSNA) required for the VR portion of the Unified State plan was completed after the enactment of WIOA, the analysis was not completed prior to the submission of the VR services portion of the Maine Unified State plan. Therefore, DVR utilized a key informant survey, including current clients, parents, special education staff and others to identify the vocational rehabilitation needs of students and youth with disabilities. The next CSNA is due in FFY 2018 and will assist in the planning and identification of needs related to the provision of pre-employment transition services and transition services to students and youth with disabilities. To date, the top needs identified by the key informant survey include: earlier receipt of

vocational information, increased access to jobs and summer work experience, the acquisition of soft skills and self-determination skills, and raised expectations and strategies for the future.

DVR has a formal interagency agreement with the Maine DOE, however, at the time of the monitoring visit, it had not been updated to be consistent with requirements in section 101(11)(D) of the Act as amended by WIOA and the regulation at 34 CFR §361.22(b), including the requirements related to section 511 of the Act. Similarly, at the time of the monitoring visit, DVR had not updated its transition policies to align with new requirements under the Act, as amended by WIOA. The agreement has since been drafted, sent to RSA for comments and is in the process of being signed by all parties. DVR has issued procedural directives as internal agency guidance; however, policies are considered State or program rules that are subject to a regulatory process. DVR has begun this process to make routine technical rule changes as a result of the changes made by Federal law.

Although DVR is providing the required activities and coordination activities under section 113 of the Act, the agency informed RSA that it was not providing authorized activities under pre-employment transition services. DVR indicated that it wanted to ensure that the required activities were available and provided statewide to all students with disabilities needing those services. Nevertheless, throughout the review, DVR described the provision of activities that fall within the scope of authorized activities in section 113(d) of the Act, such as training VR and school transition personnel. Thus, DVR may not be using funds required to be reserved and expended for the provision of pre-employment transition services to the extent allowable.

C. Analysis of Performance and Observations

RSA's review and analysis of the performance of DVR in this focus area resulted in the following observations.

3.1 Individuals under the Age of 25 Exiting the VR System

Observation: A significant number of individuals with disabilities under the age of 25 are exiting the VR system without employment outcomes both before and after receiving services.

- For the period FFY 2014 through FFY 2016, the number of youth exiting the program as applicants increased from 172 in FFY 2014 to 235 in FFY 2016, a 36.62 percent increase over the three-year period. The percentage of youth exiting as applicants in FFY 2016 (14.46 percent) was higher than the national performance for general agencies in FFY 2016 of 10.73 percent.
- The percentage of youth exiting the VR program without employment, after eligibility, but before the IPE, was 42.32 percent in FFY 2015, decreasing to 37.17 percent in FFY 2016, compared to the national performance for general agencies of 27.00 percent in FFY 2016.

- Youth exiting the VR program without an employment outcome after receiving services increased from 24 percent in FFY 2014 to 32.92 percent in FFY 2016, compared to the national performance for general agencies in FFY 2016 of 26.19 percent.
- The percentage of individuals under the age of 25 moved from application to eligibility in FFY 2016 was 59.57 percent, compared to the national performance for general agencies of 89.89 percent in FFY 2016.
- The percentage of individuals under the age of 25 moved from eligibility to IPE within 90 days in FFY 2016 was 40.77 percent, compared to the national performance for general agencies of 69.93 percent in FFY 2016.
- DVR attributed the increase in individuals under the age of 25 exiting the VR system without an employment outcome to the agency's efforts to close service records during a three month period (May – July, 2016) following, as described by the agency, unsuccessful efforts to engage youth in services.
- The percentage of individuals exiting the VR system due to DVR being unable to contact or locate the individual increased from 30.87 percent (FFY 2014) to 51.53 percent (FFY 2016), compared to the national performance for general agencies of 22.91 percent.

3.2 Employment Outcomes

Observation: The number of employment outcomes in competitive employment achieved by individuals under 25 at exit remained relatively stable from FFY 2015 through FFY 2016; however, the employment rate decreased to 31.41 percent in FFY 2016, well below the national performance of 54.91 percent for general agencies, and the quality of employment outcomes reflected lower paying occupations.

- Although the number of individuals under the age of 25 exiting the VR program with employment outcomes remained relatively steady from FFY 2014 to FFY 2016 (around 250), the percentage decreased from 20.23 percent in FFY 2014 to 15.08 percent in FFY 2016, which DVR attributed to the increase in the number of service records closed during this period.
- The percentage of those individuals under the age of 25 at exit who achieved competitive employment outcomes remained steady at 100 percent from FFY 2014 to FFY 2016.
- The employment rate decreased from 45.75 percent in FFY 2014 to 31.41 percent in FFY 2016, compared to the national employment rate for youth of 54.91 percent. While the employment rate was negatively affected by the increase in service record closures, DVR asserted a positive impact with the decrease in the average caseload size from 120 individuals to between 80 and 100 individuals.

DVR's performance with respect to quality employment outcomes for individuals under the age of 25 at exit who achieved employment was lower than the national performance of general agencies.

- The average hourly earnings increased from \$9.54 in FFY 2014 to \$9.70 in FFY 2016, above the State minimum wage of \$7.50 for FFY 2016, but below the national average of \$10.31 for general agencies in FFY 2016. Beginning January 1, 2017, the minimum wage

in Maine increased to \$9.00 per hour and will increase annually reaching \$12.00 per hour in 2020. Given the future increases in the minimum wage, it is likely that DVR will outperform the national average if it continues to place 100 percent of individuals in competitive integrated employment and the Federal minimum wage remains constant.

- The average hours worked per week for individuals under the age of 25 at exit who achieved employment varied from a low of 22.65 per week in FFY 2015 to a high of 25.21 per week in FFY 2014, and consistently remained below the 28.83 average hours per week for general agencies in FFY 2016.
- In FFY 2016, the percentage of individuals under the age of 25 at exit who achieved competitive employment with employer-provided medical insurance was 11.43 percent, which was slightly lower than the national performance of 13.47 percent for general agencies.
- Using standard occupational classifications, the top three categories for employment outcomes achieved by individuals with disabilities under the age of 25 in FFY 2016 were: transportation and material moving occupations (19.59 percent), food preparation and serving related occupations (18.37 percent), and sales and related occupations (11.43 percent). It is noteworthy that those categories also were among the lowest paying occupations ranging from \$8.00 per hour to \$8.75 per hour.
- Together, these top three occupational categories represented 121 of 245 (50.61 percent) employment outcomes for individuals with disabilities under the age of 25 in FFY 2016.

DVR staff noted that in Maine's rural areas, the nature and type of work opportunities are limited for youth. Additionally, families of SSI or SSDI recipients and beneficiaries may depend upon these sources of income and support. As a result, families may be resistant to youth having monthly earnings that might lead to the loss of an SSI payment or Medicaid eligibility despite the concentrated efforts of benefits counselors promoting the work incentives available to individuals on SSI or SSDI.

3.3 Outcomes by Disability Type

Observation: Although the vast majority of individuals with disabilities under the age of 25 who achieved employment outcomes in FFY 2016 were individuals with intellectual and learning disabilities and individuals with psychosocial and psychological disabilities, these groups also comprised the highest percentage of individuals with disabilities under the age of 25 who did not achieve employment outcomes in FFY 2016.

- Of the 245 individuals with disabilities under the age of 25 who achieved employment outcomes in FFY 2016, 137 (55.92 percent) were individuals with intellectual and learning disabilities, followed by 72 individuals (29.39 percent) with psychosocial and psychological disabilities.
- Individuals under the age of 25 with these types of impairments also comprised 478 (89.35 percent) of the 535 individuals under the age of 25 served who did not achieve employment outcomes in FFY 2016.
- As with the overall employment rate, the employment rates for individuals with intellectual and learning disabilities under the age of 25, as well as those with

psychosocial and psychological impairments, declined significantly from FFY 2014 to FFY 2016, and were significantly below the national performance in FFY 2016 of 56.03 percent and 50.99 percent, respectively.

3.4 VR Services Provided to Individuals under the Age of 25 at Exit

Observation: Although DVR has made significant positive strides in the provision of four-year university training, the agency has experienced a decrease in the provision of other training such as community college, vocational and on-the-job training.

- DVR increased the provision of four-year or university training from 0.8 percent in FFY 2014 to 10.10 percent in FFY 2016 compared to the national performance for all general agencies of 8.4 percent in FFY 2016.
- The provision of junior or community college training decreased over the same period from 9.6 percent to 5.1 percent, compared to 6.5 percent nationally for all general agencies in FFY 2016.
- The provision of occupational or vocational training also decreased from 26.5 percent in FFY 2014 to 8.2 percent in FFY 2016 compared to 13.1 percent nationally for all general agencies in FFY 2016.
- On-the job training decreased over the same period from 5.9 percent to less than one percent.

D. Recommendations

RSA's review of the performance of the VR program in this focus area resulted in the following recommendations. Appendix C of this report indicates whether or not the agency has requested technical assistance to enable it to implement any of the below recommendations.

RSA recommends that DVR:

3.1 Individuals under the Age of 25 Exiting the VR System

- 3.1.1 Conduct surveys of individuals under the age of 25 at exit who exited the VR system as applicants; after eligibility, but before an IPE; after an IPE was developed, before services were provided to determine the factors or reasons why these individuals under the age of 25 at exit withdrew from the VR program;
- 3.1.2 Identify the factors causing the delay in the development of the IPE and whether these delays are contributing significantly to the number of individuals under the age of 25 at exit who exited the VR process prior to IPE development; and
- 3.1.3 Based on the information obtained through the survey and analysis, develop goals with measureable targets to decrease the number of individuals under the age of 25 who exit as applicants, or at exit who exited the VR program during various stages of the VR process, and strategies to achieve these goals.

3.2 Employment Outcomes

- 3.2.1 Develop measurable goals and strategies to improve the agency's employment rate for individuals under the age of 25; and
- 3.2.2 Consider ways to increase benefits counseling and financial planning for individuals under the age of 25 and their families or representatives.

3.3 Outcomes by Disability Type

- 3.3.1 Develop and implement outreach plans and methods to improve service delivery to individuals with intellectual and learning disabilities and those with psychosocial or psychological disabilities under the age of 25, which will lead to more success in achieving employment outcomes and improve the employment rate for these individuals;
- 3.3.2 Develop and implement a plan to enhance VR counselor skills to assist individuals with intellectual and learning disabilities, and those with psychological or psychosocial disabilities; and
- 3.3.3 Identify and assess barriers and challenges to achieving employment for all individuals under the age of 25 served, and develop strategies to improve the employment rate for all populations served.

3.4 VR Services Provided to Individuals under the Age of 25 at Exit

- 3.4.1 Given the focus on credential attainment in the WIOA performance measures, DVR should continue to increase the provision of university training at both the undergraduate and graduate levels, as appropriate, and in keeping with the emphasis on career advancement and STEM careers; and
- 3.4.2 DVR should assess the reasons for the decline in the provision of junior or community college training, occupational or vocational training, and on-the-job training and develop strategies to improve performance in these areas, particularly in those programs that will lead to credential attainment.

E. Findings and Corrective Actions to Improve Performance

RSA's review of the performance of the VR program in this focus area did not result in the identification of findings and corrective actions to improve performance.

F. Technical Assistance

During the course of monitoring activities, RSA provided technical assistance to DVR as described below.

Transition Policies

At the time of the on-site visit, DVR had not revised its written policies as required in 34 CFR §361.50(a) to include the nature and scope of pre-employment transition services or reflect all of the transition-related revisions to the statutory requirements in the Act, as amended by title IV of WIOA. DVR stated that it uses procedural directives as internal agency guidance; however its policies constitute State or program rules that must be updated or amended through a State rule process. Maine's rule process requires that the proposed rules must be listed on the regulatory calendar for each agency within a specific time frame and determined to be either a "routine technical" or "major substantive" rule, the latter requiring legislative involvement because the rule includes interpretation of law. Typically, changes required by Federal law are viewed as "routine technical" rule changes, however, a bill requiring that rules proposed due to changes in Federal law be considered "major substantive" rules was introduced in the Maine legislature. The bill was defeated in April 2017, after which, DVR began the process to develop routine technical amendments to the State rule to align with the requirements in the Act, as amended by title IV of WIOA.

In the interim, DVR issued a joint procedural directive 2017-02 in March 2017 with the Division for the Blind and Visually Impaired (DBVI) containing guidance on the provision of pre-employment transition services to potentially eligible students with disabilities. RSA reviewed this document and provided technical assistance to correct inaccuracies. For example, in a section of the document, "Expenses for Potentially Eligible," the guidance incorrectly states "individuals should apply and be found eligible prior to payment of wages in a paid work experience." VR agencies cannot require a potentially eligible student to apply for VR services in order to receive any of the required activities under pre-employment transition services. In addition to the issuance of procedural directive 2017-02, DVR and DBVI developed a slide presentation for joint training sessions conducted with staff regarding the WIOA amendments to the Act in the area of transition. The training covered the definitions of "student with a disability," "youth with a disability," and descriptions of potentially eligible student with a disability and transition services; acceptable documentation of a disability; the five required activities of pre-employment transition services; data collection requirements for receipt of pre-employment transition services; the time frame for developing an IPE; use of a projected vocational goal; and reporting of staff time spent providing and arranging for pre-employment transition services. Training also addressed case recording in the electronic case management system, particularly for potentially eligible students.

Interagency Agreement with the Maine Department of Education

At the time of RSA's monitoring visit, DVR had not updated its current interagency agreement on transition services with the Maine DOE to be consistent with the new requirements under the WIOA amendments to the Act and the final regulation at 34 CFR §361.22(b). Since that time, DVR has updated the interagency agreement on transition services. The RSA on-site team met with representatives of DVR, DBVI and DOE to review the current agreement, discuss new requirements and identify areas for improvement. RSA, DVR and DOE discussed the age for receipt of special education services in Maine, which is an element of the definition of "student with a disability" and sets the age range for students who may receive pre-employment transition services. DOE indicated that the age range for special education in Maine is 14 to 20. When RSA

pointed out that the IDEA states that the maximum age for receipt of special education services is age 21, unless an older age is selected by the State, DOE indicated that it consulted with its Attorney General office on this and the legal opinion was that DOE was in compliance with Federal law. At this time, DVR and DBVI are providing pre-employment transition services to students with disabilities age 14 to 21, consistent with Federal requirements.

RSA provided the PowerPoint presentation for a webinar on the SEA agreement presented by the WINTAC and NTACT to assist DVR in crafting the Maine agreement to meet Federal requirements. In addition, RSA recommended that the updated agreement clearly state the age range for special education services and the age range for the receipt of pre-employment transition services and transition services provided by the VR program since they are different age ranges. Since the updated agreement must address the provision of pre-employment transition services to students with disabilities in need of those services, RSA suggested that the agreement address services and outreach to all students with disabilities, including students who receive accommodations under section 504 and students with disabilities who do not need educational accommodations. RSA encouraged the partners to include criteria for local VR and school district personnel to determine financial roles and responsibilities when either program could provide or pay for the service(s) needed by the student. Finally, RSA requested that the agreement cite the Rehabilitation Act of 1973, as amended by title IV of the Workforce Innovation and Opportunity Act as the authority for the VR program and this agreement.

Improving Performance in Serving Youth

As noted earlier in this focus area, many youth exited the DVR VR program prior to achieving an employment outcome. DVR identified potential reasons for youth exiting the VR program including that they find employment easily, particularly in the southern part of the State, at minimum wage. DVR believes that introducing pre-employment transition services earlier will provide a mechanism for better engagement with students with disabilities. To support the effort for better engagement, RSA suggested that DVR staff present students and youth with a career development approach that views minimum wage employment as work experience and that promotes continuation of vocational rehabilitation guidance and counseling and other services that assist youth in obtaining higher paying careers.

Personnel Costs

RSA provided technical assistance to DVR regarding personnel cost allocation requirements in the Uniform Guidance (2 CFR §§200.430 and 200.431). DVR was paying for salary expenses for staff from the funds reserved for providing pre-employment transition services to students; however, it was not paying for holiday, vacation and sick time proportionally from the funds reserved for the provision of pre-employment transition services based upon the direct hours worked. RSA indicated that the proportional time for holiday, vacation and sick time may be charged to the reservation requirement at 34 CFR §361.65(a)(3). Additionally, the agency was not paying for staff time spent traveling for the direct provision of pre-employment transition services with the funds required to be reserved and expended for such services. The definition of administrative costs in 34 CFR §361.5(c)(2)(xii) indicates that staff time spent related to the

direct provision of a service does not constitute an administrative cost; subsequently DVR may pay for staff travel time spent in direct relation to the provision of pre-employment transition services with the funds required to be reserved and expended on such services. However, if staff were providing additional services that do not constitute pre-employment transition services, the staff travel costs must be allocated to reflect the proportional time spent providing pre-employment transition services versus VR services provided under an IPE defined in 34 CFR §361.48(b).

Pre-Employment Transition Services Required Activities: TCEW and Job Club

While much of the TCEW program is aligned with pre-employment transition services required activities, RSA provided technical assistance regarding concerns that the workshop: 1) utilizes inventories that do not align with a required activity; and 2) contains a module to develop an IPE that does not align with a required activity.

TCEW Use of Inventories

RSA shared information in the preamble to the final regulations at 81 FR 55694, about the nature of each of the required activities. With respect to assessments, the guidance provided at 81 FR 55695 states: DSUs are not to use these activities (pre-employment transition services) as assessment services for the purpose of determining whether additional vocational rehabilitation services are needed, or if the individual will be successful in employment.

The preamble identifies interest inventories as aligning with the job exploration counseling required activity. Neither the statute nor the implementing regulations provide further guidance on the role of inventories and assessments in providing pre-employment transition services. The TCEW uses an interest inventory, a learning style inventory, an employment readiness scale, and the World of Work inventory measuring abilities and aptitudes, interests and values. The World of Work Inventory component on abilities and aptitudes identifies verbal ability as measured through English vocabulary; numerical ability as measured through basic math skills; abstractions ability (Algebra) as measured through problem solving; spatial ability as measured through visualizing 3-dimensional objects; mechanical/ electrical ability as measured through mechanical reasoning; and organizing skill as measured through organizing information.

While this information is an important part of career exploration and development as a whole, the abilities portion of the inventory does not align with any of the five required activities and is not consistent with the preamble description of pre-employment transition services required activities as an “early start at job exploration.” In addition, this academic information is typically available from schools and can be made available to the student for use in the workshop.

TCEW Development of an IPE

Module 16 of the TCEW, titled ‘Decide and Develop a Plan,’ guides the student in using the information gathered through the workshop activities to complete an employment plan worksheet. The module and activity does not align with a required activity under pre-employment transition services because it is focused upon activities and services specific to those eligible individuals in the VR program. The pre-employment transition services required

activities are more general and exploratory in nature. Students are instructed to use the worksheet to complete their individualized plan for employment with their VR counselor. The employment plan worksheet parallels the VR individualized plan for employment and asks for information such as the employment goal, services the student will need, the name of providers for those services and the dates those services will be provided.

RSA suggested that DVR review, analyze, and align components and activities provided by TCEW, Job Club and related programs to be consistent with the allowable required activities under pre-employment transition services; use results of partner-administered academic tests to provide students with information on the skills measured in the TCEW module 9 rather than the World of Work abilities inventory; refocus the TCEW module 16 to align with the self-advocacy pre-employment transition services required activity (for example, developing a plan listing the education and other services needed to enter a career suggested by the results of workshop activities could be seen as an exercise in self-determination. Additionally, using the completed worksheet to communicate the desired employment goal, services and supports needed to any potential provider of those services could be an exercise in informed choice and self-advocacy.

RSA also discussed the need to cost-allocate expenses for the modules or activities in these workshops to ensure that only those activities that are pre-employment transition services are paid for with funds required to be reserved and expended for pre-employment transition services. The activities that do not align with the required activities could still be provided, but may not be paid for with funds reserved for pre-employment transition services. These activities either must be redesigned to align with the five pre-employment transition services required activities, or they may be funded and provided by the partners.

DVR did not request additional technical assistance.

SECTION 4: FOCUS AREA – STATE SUPPORTED EMPLOYMENT SERVICES PROGRAM

A. Nature and Scope

Through this focus area, RSA assessed the Supported Employment program, authorized under title VI of the Act, as amended by WIOA, and regulations in 34 CFR part 363. The Supported Employment program provides grants to assist States in developing and implementing collaborative programs with appropriate entities to provide programs of supported employment services for individuals with the most significant disabilities, including youth with the most significant disabilities, to enable them to achieve a supported employment outcome in competitive integrated employment. Grants made under the Supported Employment program supplement grants issued to States under the VR program.

WIOA made several significant changes to title VI of the Act that governs the Supported Employment program. The amendments to title VI are consistent with those made throughout the Act to maximize the potential of individuals with disabilities, especially those individuals with the most significant disabilities, to achieve competitive integrated employment and to expand services for youth with the most significant disabilities.

The changes to the Supported Employment program made in the Act, as amended by WIOA, covered in this focus area included:

- The extension of the time frame for the provision of supported employment services from 18 to 24 months (section 7(39)(C) of the Act, 34 CFR §361.5(c)(54)(iii), and 34 CFR §363.50(b)(1));
- The requirement that supported employment must be in competitive integrated employment or, if not in competitive integrated employment, in an integrated setting in which the individual is working toward competitive integrated employment on a short-term basis (section 7(38) of the Act, and 34 CFR §363.1);
- The requirement that supported employment funds and/or VR program funds be available for providing extended services to youth with the most significant disabilities for a period of time not to exceed four years, or until such time that a youth reaches the age of 25 and no longer meets the definition of “youth with a disability,” whichever occurs first (section 604(b) of the Act and 34 CFR §363.4(a)(2)); and
- The reduction of the amount of funds that may be spent on administrative costs (section 606(b)(7)(H) of the Act and 34 CFR §363.51).

To facilitate the provision of monitoring and technical assistance activities, and in preparation for the on-site visit, the RSA and DVR reviewed applicable documentation and resources related to the Supported Employment program, including, but not limited to:

- VR agency policies and procedures related to the provision of supported employment and extended services;
- Supported employment assurances 5, 6, and 7 and descriptions e, j.1.A, k.2.B, l.2, n, o, p, and q and any additional information from the VR services portion of the most recently approved Unified or Combined State Plan; and
- Performance data related to the number and percentage of individuals with the most significant disabilities receiving supported employment services and achieving supported employment outcomes.

In gathering information related to this focus area, the review team consulted:

- The VR agency director and other senior managers;
- VR agency counselors;
- VR agency supported employment coordinators and staff;
- Supported employment vendors and associated CRPs; and
- Entities with which the VR agency has arrangements to fund extended services.

B. Overview

DVR promotes the achievement of competitive integrated employment outcomes for all individuals, including individuals with the most significant disabilities, served by the agency and does not make a clear distinction between outcomes achieved under the VR program or the Supported Employment program. DVR's service delivery process minimizes using a separate and distinct approach for providing services to achieve a supported employment outcome because, as described in the Maine VR services portion of the Unified State Plan (State Plan), all services are geared to assist individuals with the most significant disabilities. The agency's approach for providing supported employment services is addressed further in the State plan in the VR services portion at descriptions (o)(8)(c) and (p)(2)(a) that state that DVR does not have separate efforts to provide VR and supported employment services. As described in the State Plan, at the time of application, if an individual is believed to require extended services due to the severity of his or her disability and barriers to employment, a "flag" is placed on the individual within DVR's case management system. At the time to develop a plan for employment for the individual there is another decision point at which time the "flag" either stays on or is taken off depending on the need of the individual at that time.

During the monitoring process, DVR indicated that supported employment services are provided as purchased services through fee-for-service agreements with CRPs experienced and trained to work specifically with individuals needing more intensive support services. As indicated in the State Plan, DVR has identified minimum training requirements for CRPs to become approved providers. CRPs must provide evidence that all Employment Specialists and Job Coaches have completed one of the BRS' approved training curricula. According to the State plan, agency procedural directives, and DVR's discussions with RSA, the primary services provided to individuals in supported employment include assessment, job skills coaching, and job placement. These direct services are provided by an Employment Specialist or a Job Coach, who supports

the client through activities such as intervention with supervisors and peers, and aids integration into the company's social environment. Other allowable services that are provided when a need is identified include supplemental assessments, social skills training, observation or supervision of the individual, transportation, and facilitation of natural supports. The Division provides whatever is required to achieve and maintain integrated competitive employment. DVR also partners with multiple service providers through a MOU for coordination and long-term support services as well as coordination to improve and expand employment services, to promote cross training efforts and to coordinate service efforts for individuals served jointly as outlined in the MOU.

Of the 1,010 competitive integrated employment outcomes reported for all individuals with disabilities for DVR in FFY 2014, 1,132 for FFY 2015, and 1,166 for FFY 2016, there were 28, 0, and 2 supported employment outcomes reported in FFYs 2014, 2015, and 2016 respectively. For youth with the most significant disabilities there were 8 supported employment outcomes for FFY 2014 and 0 for both FFYs 2015 and 2016. During the on-site review, DVR acknowledged that it places a small number of individuals with the most significant disabilities in supported employment settings, resulting in the low number of reported supported employment outcomes. However, the agency indicated that the number of individuals receiving supported employment services should have been a larger number than that reported on the RSA-911. RSA discovered through further discussion with staff and support persons managing DVR's case management system that reporting and coding issues, likely linked to not distinguishing between VR and supported employment service delivery, resulted in the low report numbers for the Supported Employment program.

DVR shared procedural directives outlining how counselors are to identify and develop IPEs that meet the requirements for provision of supported employment services and achievement of supported employment outcomes. Although DVR, to date, has not provided extended services to youth in accordance with 34 CFR §361.5(c)(19) and 34 CFR §363.53(b)(2)(ii), prior to the conclusion of the review RSA was provided with a draft procedural directive specifically identifying the provision for providing extended support services for youth.

The State Plan describes the timing of transition to extended services, referencing 18 months of services rather than the 24 months allowed for the provision of supported employment services, unless it is determined that a longer period of time is needed, prior to the transition to extended services, which is inconsistent with section 7(39)(C) of the Act and 34 CFR §361.5(c)(54)(iii) and 34 CFR §363.53(a).

DVR administers two State-funded extended support programs for the BRS to provide statutorily mandated funding to providers of ongoing support services and/or employers to help defray the additional cost incurred providing job coaching, training and supervision on a supported work site. Maine's State-supported extended programs are the Basic Extended Support program and the Brain Injury Extended Support program, both of which, require individuals to be eligible DVR clients, determined appropriate for supported employment, determined to be an individual with a most significant disability, be employed in a supported employment/work setting, and require ongoing support services in order to maintain the employment. The Brain Injury

Extended Support program requires additional criteria that an individual be identified as having a diagnosis of a Traumatic Brain Injury. The Basic Extended support program as outlined in Maine's statutory legislative rules has an annual expenditure cap at \$3,000; the Brain Injury Extended support program has a maximum annual expenditure cap at \$8,000 for extended support services. Both of these programs receive monitoring and case management oversight by DVR Regional Managers.

C. Analysis of Performance and Observations

RSA's review and analysis of the performance of DVR in this focus area resulted in the following observation.

4.1 Inaccurately Reported Supported Employment Performance Data

Observation: Although DVR reported providing supported employment services, performance data reflect a low number and percentage of supported employment outcomes, suggesting coding and reporting errors and the agency's practice of not distinguishing outcomes as supported employment if competitive integrated employment is achieved.

- DVR stated that it does not always make a distinction related to the achievement of supported employment outcomes when reporting employment outcomes because all services and strategies are geared toward those with the most significant disabilities with the expectation that all individuals will achieve competitive integrated employment, many of whom can work without supports, due to the increased availability of technology, adaptive technology, and natural supports available in today's employment market.
- DVR includes services such as assessment and job placement as services provided by CRPs, which are VR services, not supported employment services; however, it is not clear whether these are coded as VR or supported employment services.
- While DVR indicated that it is not reporting supported employment outcome closures, to the extent appropriate, it is providing supported employment services to individuals with the most significant disabilities during their initial period of employment.
- On-site discussions with DVR management and counseling staff indicated that there may be reporting errors in the RSA-911 data submitted by DVR, as well as, errors in the coding of supported employment services and closures within the DVR case management system.

D. Recommendations

RSA recommends that DVR:

4.1 Inaccurately Reported Supported Employment Performance Data

- 4.1.1 Reevaluate and revise internal processes to ensure supported employment services and supported employment outcomes are implemented and reported correctly;
- 4.1.2 Review and revise reporting and coding instructions for identifying individuals in receipt of extended services, ongoing support services and supported employment services consistent with 34 CFR §§361.5(c)(19) and (37), and §361.54;
- 4.1.3 Identify the factors related to incorrect reporting of services and outcomes for individuals in need of and receiving supported employment services;
- 4.1.4 Develop and implement changes to address incorrect reporting of supported employment services and supported employment outcomes for individuals with the most significant disabilities; and
- 4.1.5 Implement internal controls that ensure accurate and complete data collection and reporting as well as financial accountability.

E. Findings and Corrective Actions to Improve Performance

RSA's review of the performance of the VR program in this focus area did not result in the identification of findings and corrective actions to improve performance.

F. Technical Assistance

During the course of monitoring activities, RSA provided technical assistance to DVR as described below.

Updating Supported Employment Policies and Procedures

At the time of the on-site review, DVR had not updated its policies to be consistent with Federal requirements for the provision of supported employment services, including extended services for youth with the most significant disabilities, resulting from the WIOA amendments to the Act. RSA provided technical assistance related to the significant changes to the Supported Employment program to ensure that the updates to policies and procedures under development by DVR would incorporate and implement all of the changes and new requirements.

- DVR has not updated the extension of the time frame for the provision of supported employment services in its State Plan or policies. RSA provided technical assistance related to the revised definition of "supported employment services" consistent with section 7(39) of the Act, as amended by WIOA, and 34 CFR §361.5(c) (54), including the extension of the allowable time frame for the provision of these services from 18

months to 24 months. RSA clarified that this time frame may be extended under special circumstances if the individual and VR counselor jointly agree to extend it in order to achieve the employment outcome identified in the IPE. RSA clarified that supported employment services are “ongoing support services,” including customized employment, needed to support and maintain an individual with a most significant disability in supported employment.

- RSA provided technical assistance to DVR regarding the short-term basis provision in 34 CFR §363.1(c) for individuals with the most significant disabilities who have achieved integrated supported employment, but have not achieved competitive earnings. Although DVR reported that it did not use the short-term basis provision because all individuals are placed in competitive integrated employment, RSA emphasized the need to include it in its Supported Employment program policies and procedures in the event that it is ever needed and to reflect the requirement in the Act.
- Under the WIOA amendments to the Act, VR agencies may use Supported Employment program or VR funds to provide extended services only to youth with the most significant disabilities—not to individuals with the most significant disabilities who are not youth. RSA clarified extended services requirements in sections 7(42) and 604(b)(2) of the Act. RSA also clarified that once an individual reaches the age of 25, he or she no longer meets the definition of a “youth with a disability” pursuant to 34 CFR §361.5(c)(58) and is no longer eligible to receive extended services from the VR agency. Given DVR’s concern about becoming the funder of first resort for extended services, RSA encouraged DVR to explore the availability of funding from other sources, as is done for other individuals with the most significant disabilities transitioning from supported employment services to extended services.
- RSA provided guidance with respect to when supported employment services should begin, and how to transition an individual from supported employment, to extended supports when necessary. RSA recommended that DVR develop a detailed policy specifying conditions that must be met before it can assist an individual in transitioning to extended services, such as ensuring the individual is engaged in supported employment that is in competitive integrated employment, or in an integrated work setting in which the individual is working on a short-term basis toward competitive integrated employment, and the employment is customized for the individual consistent with his or her strengths, abilities, interests, and informed choice.
- RSA provided an overview and clarification related to the four requirements that must be satisfied for an individual to achieve a supported employment outcome as set forth in 34 CFR §363.54. RSA also provided clarification as to when the service record of an individual who has achieved a supported employment outcome may be closed in accordance with title VI of the Act and 34 CFR §363.55, as well as the requirements under title I of the Act and 34 CFR §361.56.

Memorandum of Understanding (MOU) with the Maine Department of Health and Human Services (MDHHS)

DVR requested that RSA review and comment on a draft MOU with the MDHHS Offices of Aging and Disability Services, Substance Abuse and Mental Health Services, Child and Family

Services, and Maine Care Services. This draft MOU is written to meet Federal requirements at 34 CFR §361.24(f) for a cooperative agreement regarding individuals eligible for home and community-based waiver programs. RSA reviewed the document and provided the following technical assistance.

RSA requested that the document use language consistent with the Act, as amended by WIOA. For example, the document should speak about “competitive integrated employment” rather than competitive employment and substitute “Rehabilitation Act, as amended by title IV of WIOA” for “Workforce Innovation and Opportunity Act.” RSA also recommended that the description of services provided by DVR include the provision of extended services for adults and for youth with the most significant disabilities, if no other sources are available, consistent with cooperative agreements under 34 CFR §361.24(f), and consistent with 34 CFR §363.4, including explanations of how and for how long the DSUs may provide extended services to a youth with a most significant disability and including clarifying language that the DSUs may not provide extended services funded by the VR agency under titles I and VI to adults.

The Act, as amended by WIOA, added new definitions for the terms “student with a disability” and “youth with a disability.” RSA suggested that the partners ensure that there is a common understanding of these terms in comparison to adults with the most significant disabilities and the requirements for providing extended services to youth with the most significant disabilities.

Reporting and Accounting for Federal and Non-Federal Expenditures

RSA provided technical assistance to DVR regarding the requirements to ensure accurate Federal reporting and accounting of Federal and non-Federal expenditures in the Supported Employment program. As required in 2 CFR §200.303(a) the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award. Specifically, RSA provided technical assistance to the agency regarding allowable expenditures with Supported Employment funds. RSA reviewed the supporting documentation for expenditures reported to youth with the most significant disabilities. Some of the expenditures that had been paid for with Supported Employment funds were classified in the supporting documentation as pre-employment transition services. Pre-employment transition services may only be provided to students with disabilities (34 CFR §361.5(c)(58)). Pre-employment transition services are provided early in the continuum of services to students with disabilities before placement in employment, whereas Supported Employment is for individuals with the most significant disabilities, including youth with the most significant disabilities, who have been placed in employment and are working (34 CFR §363.1(b)).

Additionally, RSA provided technical assistance to DVR regarding the requirement to provide non-Federal expenditures for the provision of supported employment services to youth with the most significant disabilities, including extended services (34 CFR §363.23(a)(2)). A review of the supporting documentation for the non-Federal expenditures found that the agency had reclassified Federal Supported Employment expenditures to non-Federal in order to meet the

match requirement. However, the agency was unable to demonstrate if the expenditures that had been reclassified as non-Federal were spent on youth with the most significant disabilities. RSA and DVR discussed the requirement that the non-Federal share of expenditures must not only be spent on Supported Employment services, but must also be provided to youth with the most significant disabilities.

Personnel costs

RSA provided technical assistance to DVR regarding personnel cost allocation requirements in the Uniform Guidance (2 CFR §§200.430 and 431). DVR was charging salary expenses for staff working on the VR and other programs solely to the VR award. During discussions, the agency indicated it was not charging time spent working on the Supported Employment award because it understood that staff time spent providing supported employment services constituted an administrative cost. However, the definition of administrative costs in 34 CFR §361.5(c)(2) does not include direct staff time spent providing services. Additionally, travel costs related to the direct provision of a service is also not an administrative expense. Subsequently, the agency can charge these costs, previously considered administrative costs, directly to the Supported Employment program award. Specifically, the agency is not charging staff time spent directly providing supported employment services to the Supported Employment program award. This change in accounting for staff time and travel will help the agency in meeting the reservation requirement (34 CFR §363.22).

Additionally, RSA provided technical assistance regarding updating personnel staff cost objectives. Specifically, the agency could include two separate cost objectives in the Supported Employment program. As the agency spends direct time providing supported employment services to youth with the most significant disabilities, the agency could create a separate cost objective for staff to allocate time spent directly providing such services. This separate cost objective would assist the agency in accounting for and reporting Supported Employment program expenditures spent on youth with the most significant disabilities (2 CFR §200.302).

DVR did not request additional technical assistance pertaining to the provision of supported employment services.

SECTION 5: FOCUS AREA – ALLOCATION AND EXPENDITURE OF STATE VOCATIONAL REHABILITATION SERVICES AND STATE SUPPORTED EMPLOYMENT SERVICES PROGRAM FUNDS

A. Nature and Scope

Through this focus area RSA assessed the fiscal accountability of the VR and Supported Employment programs to ensure funds are being used only for intended purposes; programs have sound internal controls and reliable reporting systems; DVR is maximizing resources available for program needs; and funds support the achievement of employment outcomes for individuals with disabilities, including youth with disabilities and individuals with the most significant disabilities. RSA reviewed DVR's adherence to Federal fiscal accountability requirements, which include both general administrative and program-specific requirements.

General administrative requirements refer to:

- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) located in 2 CFR part 200. These regulations establish the foundation of Federal cost principles and standards for determining costs for Federal awards while reducing the administrative burden on award recipients and guarding against the risk of waste and misuse of Federal funds;
- Education Department General Administrative Regulations (EDGAR) in 34 CFR part 76. These regulations are applicable to Department of Education (Department) grantees and establish uniform administrative rules for the Department's Federal grants to State administered programs; and
- Departmental and RSA guidance, including Policy Directives (PDs), Technical Assistance Circulars (TACs), Grant Bulletins, Frequently Asked Questions (FAQ), etc.

Program-specific requirements refer to the Act and VR and Supported Employment program implementing regulations in 34 CFR part 361 and 34 CFR part 363, respectively. These requirements establish the specific provisions related to the administration and operation of the VR and Supported Employment programs.

In addition to the fiscal accountability requirements covered in this focus area, RSA reviewed fiscal requirements pertaining to the VR program funds reserved for the provision of pre-employment transition services (i.e., the prohibition against the use of these funds for administrative costs) and Supported Employment program funds (i.e., the limit on the use of these funds for administrative costs to 2.5 percent of the award to youth with the most significant disabilities). The nature and scope of this focus area did not include a review of the extent to which States have satisfied the requirements to reserve at least 15 percent of the Federal VR program award for expenditures on pre-employment transition services, to reserve 50 percent of Supported Employment program funds for services to youth with the most significant

disabilities, and to provide a 10 percent match for this amount, or to track expenditures toward these reserves. Instead, in FFY 2017, RSA will provide technical assistance to, and review the progress of, each State toward satisfying these requirements through other processes established by the State Monitoring and Program Improvement Division's (SMPID) Fiscal unit.

RSA used a variety of resources and documents from the period covering FFY 2014 through FFY 2016. If the issues identified included Federal fiscal years prior to 2014, RSA requested additional information within the statute of limitations. Resources and documentation included data maintained on RSA's Management Information System (MIS) generated from reports submitted by DVR (e.g., Federal Financial Reports (SF-425), Annual VR Program/Cost Report (RSA-2), and the VR services portion of the program year 2016 Unified or Combined State Plan). These data were organized into a fiscal profile for each State and shared with the VR agency and served as a reference for discussions regarding the areas covered within this focus area.

The review team reviewed the following documents, as needed, to ensure adherence to accountability requirements (list is not exhaustive):

- A-133 audit findings and corrective actions;
- State/agency allocation/budget documents and annual fiscal reports;
- Agency policies, procedures, and forms (e.g., monitoring, personnel cost allocation, procurement, etc.);
- Documentation of obligations and expenditures, including contracts, purchase orders, invoices, etc.; and
- Grant award notifications, documentation of non-Federal share/match, maintenance of effort (MOE), and program income documentation.

Prior to conducting the review, RSA provided DVR with a documentation request that included a list of the documentation that the agency needed to provide prior to the start of the review in a manner that enabled RSA to analyze the documents prior to the on-site visit. The review team requested additional supporting fiscal documents or clarifying information regarding contract monitoring, documented internal control procedures, and additional state procurement processes.

The degree to which the review team addressed each accountability requirement was dependent upon the individual circumstances of the agency. The review team analyzed the information obtained prior to the on-site visit by reviewing the documentation requested, conducting teleconferences, and examining RSA-MIS data to determine the level of review required for each component.

B. Overview and Analysis

Non-Federal entities are required to have an internal controls process designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of reporting for internal and external use, and compliance with

Federal statutes, regulations, and the terms and conditions of the Federal award. This includes the methods and procedures used to manage the day-to-day operations of grant-supporting activities to assure compliance with applicable Federal requirements. DVR's Federal and non-Federal obligations and expenditures are maintained, monitored, paid, and reported in a separate office, the Security and Employment Service Center (SESC), located in the Department of Administrative and Financial Services. DVR is responsible for all DVR obligations. DVR staff are responsible for contracts and client authorizations. The SESC assigns individuals to each department serviced by SESC to manage Federal awards, monitor cash balances and prepare Federal financial reports. As such, the SESC maintains policies and procedures related to the allocation, expenditure and reporting of Federal and non-Federal funds. This includes allocating the funds, monitoring cash balances, and expending Federal and non-Federal funds upon DVR approval. The State's accounting system is used to manage and pay for expenditures. The information reported in the required SF-425 is obtained and compiled from this system. Invoices are approved by DVR staff and processed by SESC staff assigned to BRS. A SESC staff accountant reviews the coding provided by DVR staff prior to payment processing. The SESC has policies and procedures detailing this process. These include the SESC's general policies and procedures for processing payments, step-by-step processes for SESC staff to compile the information necessary to report obligations and expenditures on the required Federal reports (SF-425 and RSA-2), and the requirements to maintain necessary journals accounting for the expenditure or reclassification of expenditures. The internal controls for the procedures related to reporting expenditures include a review of the report by the SESC Deputy Director.

As mentioned in more detail in Section 5.D of this report, the agency operates on a cash basis of accounting and pays for expenditures based upon the type of obligation. For services authorized in the case management system, the agency pays for expenditures from the Federal grant award that is open at the time in which the invoice is submitted for payment. For obligations authorized in the State's accounting system, the agency assigns expenditures to a Federal grant award based upon the date of service; however, as mentioned in further detail in Section 5.D of this report, not all invoices are paid from the Federal award to which the contract obligation should have been assigned. Additionally, as mentioned in more detail in Section 5.D of this report, the case management system and State accounting systems do not have the ability to link contractual obligations in the case management system to payments under such contracts within the State accounting system. The DVR and SESC have been working to address the problem, but currently do not have a system in place to accurately tie obligations in the case management system to payments in the State accounting system.

DVR does not have policies or procedures for prior approval. Such policies and procedures should include the process used to determine if a particular expenditure may require prior approval, the responsible party who determines if prior approval is necessary, and the necessary information to be compiled and submitted to obtain prior approval.

The Office of the State Controller (OSC) is responsible for establishing the necessary systems, policies, and procedures for payroll preparation and accounting in accordance with Federal and State guidelines. The OSC maintains the policy for all employees for the State of Maine. DVR staff use the State time and attendance system to report actual hours worked to each Federal

award or cost objective. As mentioned in more detail in Section 5.D of this report, employees manually allocate leave time such as vacation, sick and holiday time to the applicable program(s) based on the employee's current work. DVR has issued guidance via a slide show presentation to State VR agency employees regarding tracking and reporting time to the appropriate Federal award or cost objective. This guidance is maintained in the agency's intranet for staff to access.

DVR does not use TPCAs to provide services to VR clients. As such, the agency has no policies or procedures regarding these arrangements. DVR also does not have any written policies or procedures regarding the use of the establishment authority. The agency has not spent Federal funds for establishment purposes within the FFYs covered during this review. In addition, DVR indicated they do not anticipate spending Federal funds for purposes of establishment in the foreseeable future.

Program Expenditures and Federal Awards Data

According to the data reported in Table 6.1, DVR fully matched its Federal formula award during FFYs 2014 through 2016. Additionally, DVR requested and received reallotment funds in each FFY, ranging from a high of \$770,442 in FFY 2014 to a low of \$425,139 in FFY 2016, increasing its net Federal resources significantly in each FFY. DVR has not deobligated Federal funds at the end of the grant awards, thereby spending all available Federal funds allotted and received in reallotment.

Match and Maintenance of Effort

The data reported in Table 6.2 indicate that, during FFYs 2014, 2015, and 2016, 100 percent of DVR's non-Federal share used for match was appropriated to the agency by the State of Maine. Due to the high levels of funds expended as non-Federal share, the agency's match requirement has not been affected across the review period. Additionally, as the non-Federal share is appropriated by the State, DVR is able to monitor and maintain the appropriate level of MOE for each FFY.

Federal Program Income and Carryover Data

As identified in Table 6.3, DVR's primary source of program income is through workers compensation and Social Security Administration (SSA) cost reimbursements. Program income has slightly increased each FFY with \$1,374,381 received in FFY 2016. Program income has primarily been used in the VR program; however, the agency transfers a small portion each FFY to the State Independent Living Services (SILS) program.

DVR's carryover has decreased each FFY from 30.48 percent in FFY 2014 to three percent in FFY 2016. Prior to the FFY 2016 Federal award, the agency fully spent each Federal award before spending against the next Federal award. Starting with the FFY 2016 Federal award and the FFY 2015 Federal award in the carryover period, the agency switched this practice by expending the new Federal award beginning in October; this practice also affected the amount of Federal funds reported as being available for carryover. In addition, pursuant to finding number

5.1, the agency was not tracking expenditures to ensure payment from the FFY grant award to which the funds were obligated. Therefore the carryover of Federal funds is not an accurate reflection of Federal funds that were available based upon the reported expenditures and obligations.

Agency Expenditure Data

DVR reported a relatively consistent amount of total expenditures during FFYs 2014 through 2016 (Table 6.4). However, administrative costs have increased each FFY over the three-year span, with an increase from roughly 16 percent of expenditures in FFY 2014 to over 27 percent in FFY 2016. Despite the increase in administrative costs over the three-year span, purchased service costs have remained relatively consistent. The agency indicated the increase in administrative costs is due to clarifications in Schedule 1 of the RSA-2. RSA PD-14-02 states that personnel costs for staff managing caseloads are not reported in Administrative expenditures. DVR stated that there was no change to agency administrative or programmatic staffing during this time frame. The agency reported no expenditures to services to groups from FFYs 2014 to 2016.

C. Observations and Recommendations

RSA's review of the performance of the VR program in this focus area did not result in any observations and recommendations.

D. Findings and Corrective Actions to Improve Performance

RSA's review of the performance of the VR program in this focus area resulted in the identification of the following findings and corrective actions to improve performance. Appendix C of this report indicates whether or not the agency has requested technical assistance to enable it to implement any of the below corrective actions.

5.1 Insufficient Internal Controls – Assignment of VR Obligations and Expenditures to the Correct Federal Award

Issue: Does DVR assign obligations and expenditures to the correct Federal award in accordance with 34 CFR §361.12; 2 CFR §§200.77, 200.302, 200.303(a), 200.309; and 34 CFR §76.702. This area of review is included on pages 52 and 53 of the MTAG.

Requirements: As a recipient of Federal VR and Supported Employment funds, DVR must have procedures that ensure the proper and efficient administration of its VR and Supported Employment programs and enable DVR to carry out all required functions, including financial reporting (34 CFR §361.12). In accordance with the Uniform Guidance in 2 CFR §200.302(a), a State's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the award, must be sufficient to permit the preparation of reports required by general and program specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used

according to the Federal statutes, regulations, and the terms and conditions of the Federal award. The Uniform Guidance, at 2 CFR §200.302(b), requires the financial management system of each non-Federal entity to provide for the following: identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. In addition, 34 CFR §76.702 requires States to use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for Federal funds.

Each grant award has a defined “period of performance,” which is the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award (2 CFR §200.77). A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (2 CFR §200.309, see also 34 CFR §§76.703 and 76.709). Grantees must implement internal controls to ensure obligations and expenditures for a Federal award are assigned, tracked, recorded, and reported within the applicable period of performance for that Federal award, thereby ensuring the grantees are managing the award in compliance with Federal requirements (2 CFR §200.303(a)). The proper assignment of Federal and non-Federal funds to the correct period of performance is necessary for DVR to correctly account for VR funds so RSA can be assured that the agency has satisfied requirements for, among other things, match (34 CFR §361.60), maintenance of effort (MOE) (34 CFR §361.62), and the reservation and expenditure of VR funds for the provision of pre-employment transition services (34 CFR §361.65(a)(3)).

An obligation means “orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period” (2 CFR §200.71). For expenditures to be allowable under the Federal award, agencies must demonstrate that the obligation occurred within the period of performance of the Federal award. Regulations in 34 CFR §76.707 explain when a State incurs an obligation for various kinds of services and property. Therefore, in order to properly account for and liquidate expenditures, grantees must be able to assign an obligation to a Federal award based upon the date the obligation was made (34 CFR §§76.703 and 76.709). Grantees must assign all Federal and non-Federal obligations and expenditures, on a FFY basis, to the correct Federal award in accordance with the period of performance.

Analysis:

Accounting for Obligations and Expenditures

RSA reviewed the agency’s policies and procedures regarding the assignment of Federal and non-Federal obligations and expenditures to the correct Federal award, which are described in more detail in the report in Section 5.B - Overview. RSA also reviewed documentation of obligations and expenditures to ensure DVR was correctly assigning and reporting obligations and expenditures to the proper period of performance and Federal award in accordance with Federal requirements. Through the review of agency policies and discussions with agency staff RSA found that DVR pays for expenditures based upon the type of obligation. For services authorized through the case management system, the agency pays for expenditures from the Federal grant award that is open at the time in which the invoice is submitted for payment. For

obligations authorized in the State's accounting system, the agency procedures state that expenditures are liquidated from the Federal grant award to which the obligation was assigned based upon the date of service, however, as mentioned in further detail in this finding, not all invoices are paid from the Federal award to which the contract obligation should have been assigned. Consequently, DVR could not demonstrate that obligations and the liquidation of those obligations, for property, services, and contracts were charged to the correct Federal award.

Federal Funds

With regard to Federal funds, at the start of FFY 2016, the agency paid some case service invoices with FFY 2016 Federal VR funds even though the obligations for those services were incurred in FFY 2015. The agency's fiscal staff did not have access to the case management system and, therefore, had no way to verify when the service was authorized to be provided by the CRP and subsequently represents a binding written commitment (34 CFR §76.707(d)), in order to ensure the invoice was charged to the correct Federal award. Supporting documentation for both the FFYs 2015 and 2016 VR 4th quarter SF-425 reports included line items for reporting expenditures. Expenditures from the case management system included vendor information and the service cost. However, the only date fiscal staff responsible for paying the invoices can view is the date the service invoice was batched for payment. Subsequently, fiscal staff responsible for paying the invoices did not have access to the information necessary to determine when the services being paid were obligated. RSA's review of the supporting documentation identified several instances where the agency paid vendors from an incorrect VR award because the date of obligation was not taken into consideration. The invoices paid were for authorizations written (obligations made) prior to the start of the award from which the services were paid. Determining the amount of obligations and expenditures assigned to or paid from an incorrect Federal award will require extensive accounting effort.

Non-Federal Funds

DVR accounts for and reports VR expenditures paid with non-Federal funds in a similar manner. The agency assigns program period codes to non-Federal funds in the same manner as Federal funds in the accounting system to correspond with a particular Federal grant award, though the agency was basing the assignment of those codes based upon an incorrect date of obligation. Specifically, the agency does not appropriately account for the date it incurs obligations for services with non-Federal funds to ensure the liquidation of those expenditures are assigned to the correct Federal award. For invoices that are not for services authorized through the case management system, the agency uses the date of service to determine the non-Federal program period. Because the agency does not assign non-Federal obligations to a particular period of performance, the agency cannot ensure that the liquidation of those obligations are charged to the proper Federal award. If the non-Federal expenditures are charged to an incorrect Federal award, those expenditures may not be an allowable source of match for the Federal award funds drawn down by the agency. As a result, RSA was unable to determine whether the agency satisfied VR program requirements for match, MOE, and the reservation and expenditure of funds for the provision of pre-employment transition services.

Obligated Contracts

DVR does not account for obligations of contracts to ensure they are liquidated from the correct Federal award or with non-Federal funds used for match purposes for that Federal award. In each contractual agreement, the agency lists the funding sources, accounting codes, and amount of funds obligated in the contract. However, the contract invoices are not paid from the Federal award to which the contract obligation should have been assigned. For example, the agency entered into a contract on June 4, 2015, and the Federal funds were obligated in August 2015 against the FFY 2015 VR award. However, the agency paid the contract invoices using FFY 2016 VR funds. The contract was obligated in FFY 2015 and, therefore, contract invoices should have been charged to the FFY 2015 VR award.

Unobligated Contracts

In addition, DVR has unobligated contracts with CRP vendors recorded in their case management system. Consistent with the contracts mentioned above, the unobligated contracts include funding sources, accounting codes from the agency's financial management system, and the maximum amount of funds obligated in the contracts; however, the contracts are not obligated in the agency's financial system. The CRP contracts are not currently obligated in the agency's financial system because of differences between the case management system and the accounting system. In accordance with EDGAR at 34 CFR §76.707(c), and the State of Maine's purchasing policies, contracts are considered obligated when they are signed and the funds are obligated. Some contracts are encumbered in the accounting system and other contracts are not encumbered. This is partially due to the fact that the batch interface process used between the accounting system and the case management system do not have the capability to link each payment to the contract. Additionally, agencies are required to report the total amount of Federal and non-Federal obligations through the SF-425 for each reporting period. By not obligating these contracts, the agency is under reporting the amount of Federal and non-Federal obligations. All obligations must be accounted for and included in the Federal Financial Reports for the appropriate awards.

As discussed previously, fiscal staff do not consider the date of obligation when paying invoices. While the contracts include accounting information for entry into the agency's financial system, fiscal staff do not have access to the information necessary to ensure the proper assignment of contract obligations to the correct awards for the case management obligations. As a result, the agency does not report all required obligations or ensure that contract invoices are paid from the correct Federal award.

The issues stated above are further complicated because of the following:

1. Some service invoices were submitted months after the service is provided. Based upon the method in which the agency assigns expenditures to Federal awards, a delay in

submission of invoices increases the chances of the invoice being paid from an incorrect Federal award; and

2. Because the agency is not properly accounting for obligations and expenditures, when refunds for payments are received, fiscal staff are unable to credit the refunds to the correct Federal award for which the initial obligation and expenditure were allowable. Refunds are posted to the award from which the payment was made if the award is still open; however, if the award was closed refunds were posted to the current Federal award.

Accounting for the Reclassification of Funds between Grant Awards

Non-Federal Expenditures

The agency uses journal vouchers to reclassify non-Federal expenditures from one FFY to another FFY in its financial accounting system. The reclassifications are used to ensure compliance with Federal fiscal requirements, including the reservation and expenditure of funds for the provision of pre-employment transition services, match, MOE, and disbursement of program income. The reclassifications are processed in batched amounts. For example, near the end of the year of appropriation, DVR assesses the current amount of non-Federal expenditures incurred to determine whether the agency met the matching requirement. Based upon the agency's practice of assigning expenditures according to the date of service, if the agency determines that the match requirement has not been met, the agency reassigns Federal expenditures, some of which were originally obligated to an incorrect Federal award based upon the agency's process of assigning obligations, to the current non-Federal account in order to meet the match requirement. While reclassifications are generally acceptable under accounting principles, the agency must ensure that expenditures reclassified to a different FFY award are allowable charges to the FFY to which they are being assigned. Reclassifications must be accounted for in a manner that permits the tracking of specific obligations and expenditures to ensure that: 1) the reclassified expenditures were incurred during the appropriate period of performance (2 CFR §200.309); and 2) non-Federal expenditures counted as non-Federal share were obligated or expended during the year of appropriation (section 19(b) of the Rehabilitation Act).

Federal Expenditures

The agency also reassigns Federal expenditures from one Federal grant award to another in order to fully expend Federal award funds. For example, at the end of the year of appropriation, DVR reviews the balance of unobligated Federal funds. If the agency determines that additional Federal funds are available for expenditure, the agency reassigns Federal expenditures from a subsequent FFY to the current FFY to use all remaining Federal funds. However, because the agency uses the date of service and the date of invoice for services authorized in the case management system, rather than the date of obligation when paying invoices, the agency is unable to ensure that expenditures reclassified from one Federal award to another are for allowable costs assignable to the award to which they were reclassified (2 CFR §200.309).

Conclusion: Based upon the information above, RSA has determined that DVR is not in compliance with the Federal requirements (34 CFR §361.12, 34 CFR §76.702, and 2 CFR §200.302) to accurately account for and report obligations and ensure expenditures are paid from the correct Federal award. Additionally, the agency did not have sufficient internal controls to ensure that: 1) reclassified expenditures were assigned to the correct FFYs; 2) all obligations were correctly recorded in the agency's accounting system and reported on Federal Financial Reports; and 3) refunds and repayments were assigned to the correct FFYs. As a result, RSA cannot determine, at this time, whether the agency satisfied requirements related to match, MOE, and the reservation of funds for the provision of pre-employment transition services. RSA is concerned regarding DVR's failure to implement a financial management system that meets Federal requirements because the agency is not able to ensure:

- Accurate data collection and financial accountability, as required by 34 CFR §361.12;
- The proper disbursement of and accounting for Federal funds, as required by 34 CFR §76.702; and
- Only allowable costs resulting from obligations of the funding period are charged to the award, as required by 2 CFR §§200.403, 200.404, and 200.405.

As a recipient of Federal VR funds, DVR must have procedures in place that ensure proper and efficient administration of its VR program, and that enable DVR to carry out all required functions. The methods of administration must ensure accurate data collection and financial accountability (34 CFR §361.12 and 2 CFR §200.302).

Corrective Actions: RSA requires that DVR:

- 5.1.1 Revise its financial data collection and analysis process so that DVR can:
 - a) Ensure all Federal and non-Federal obligations (including administrative contracts and contracts maintained in the case management system) are properly accounted for and obligated to the correct FFY award in the agency's financial management system;
 - b) Account for all expenditures and accurately liquidate Federal and non-Federal expenditures from the correct FFY award based upon the correct assignment of obligations;
 - c) Ensure all reclassified expenditures are assigned to the correct FFY award based upon the date in which the obligation was incurred; and
 - d) Process Federal refunds to the appropriate Federal award based upon the FFY in which the obligation was incurred;
- 5.1.2 Update and implement policies and procedures to accurately account for and report Federal and non-Federal obligations and expenditures to the correct period of performance. These policies must address:
 - a) The assignment of obligated Federal and non-Federal funds to the appropriate FFY award and the liquidation of such funds based upon the assignment of obligation;
 - b) The reclassification of expenditures to ensure all expenditures meet the requirements of the Federal award and are appropriately accounted for based upon the FFY in which the obligation was incurred;

- c) The obligation of contracts in the financial management system to ensure liquidations are based upon the FFY in which the contracts were obligated; and
 - d) The refund process to ensure funds are credited to the appropriate Federal award based upon when the obligation was incurred; and
- 5.1.3 Develop and implement a written internal control process, as required in 2 CFR §200.303, including a monitoring component, that ensures sustained compliance with and correction of the specific areas identified in 5.1.1 and 5.1.2.

5.2 Insufficient Internal controls - Procurement Process

Issue: Does DVR meet the financial management requirements for procurement (2 CFR §200.302 and 34 CFR §76.702). This area of review is included on pages 51 - 53 of the MTAG.

Requirements: In accordance with the Uniform Guidance at 2 CFR §200.302(a):

“Each State must expend and account for the Federal award in accordance with State laws and procedures for expending and accounting for the State's own funds. The State's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the award, must be sufficient to permit...the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.”

In addition, 2 CFR §200.302(b) states that the financial management system of each non-Federal entity must provide effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. This requirement is consistent with the definition of “internal control over compliance requirements for Federal awards” in 2 CFR §200.62(a)(3). Finally, 2 CFR §200.317 requires the State to follow the same policies and procedures it uses for its procurement of non-Federal funds when procuring property and services under a Federal award.

Analysis:

Obligation of Contracts Used for Procuring Services

As mentioned in Finding 5.1, DVR has unobligated contracts with CRP vendors recorded in its case management system. While onsite, RSA learned that the agency “reserves” funds for the contracts; however, they are not obligated in the agency’s financial system. This process is not consistent with Federal requirements (34 CFR §76.707(c)) and the State’s procurement policies that consider a contract to be fully executed and valid upon final approval. According to the State’s procurement policies, the agency should subsequently obligate all contracts in its accounting system (Chapter 110, Section 3.B.i). Therefore, the agency is not in compliance with State procurement policies with respect to the CRP service contracts.

RSA also found that the DVR contracts are structured in a manner that does not delineate the Federal award(s) to which the contract would be assignable to ensure they are charged to the correct Federal award or cost objective. The contracts are entered into the accounting system with a program period which ties to a specific grant award or non-Federal match account. The contracts clearly outlined the services to be provided, but did not indicate which funding sources would be used to pay for the services to ensure expenditures were charged to the appropriate Federal award/funding source. Subsequently, VR Federal funds could be at risk for paying for unallowable services. For example, one contract included both VR and State Independent Living Services (SILS) program funding in the accounting codes. However, contract language was unclear as to which services were VR or SILS services. Invoices from the contractor did not clearly delineate the services being billed. As a result, RSA cannot determine, with certainty at this time, whether VR funds were used to pay for services that should have been paid only with SILS funding. Because of these contract deficiencies, RSA cannot determine, with certainty at this time, whether DVR is using Federal VR funds only for allowable program purposes.

Waivers of Competitive Bidding

Additionally, RSA found that DVR procured client services without following the State's procurement guidelines for waivers of competitive bidding (5 M.R.S.A §1825-B.2.C). For example, DVR did not follow the State's procurement requirements for waivers of competitive bidding before approving unobligated contracts with CRP vendors. DVR provided RSA with copies of three unobligated contracts, all of which had been obtained with waivers of competitive bidding. The justifications provided by the agency for treating the CRP contractors as sole source vendors are inconsistent with the State's requirements related to waivers of the competitive bidding process. For example, one of the State requirements for waivers of competitive bidding requires the State agency to demonstrate that the supplies or services required are unique to a specific contractor. The justification must include the unique qualifications, abilities or expertise of the contractor and the necessity of those particular unique factors to meet the Department's needs. However, justification language from the contracts provided for waivers for competitive bidding for CRPs stated that vendors are one of several agencies (CRPs) who provide community employment services to clients referred by the agency, and that clients may choose a CRP from among those available in their geographic area. Additional language states that instead of a contract with a CRP, the agency maintains a list of approved or accredited providers from which consumers may choose. The contracts for services provided by the CRPs are for similar services from different providers all secured with waivers of competitive bidding per provider.

Contract Monitoring

DVR's procedures for contract monitoring require that contract riders contain the monitoring requirements specific to each contractor and that the DVR monitor providers yearly. When asked for examples of contract monitoring, the agency provided RSA supporting documentation specific for the monitoring of CRP contracts, including the monitoring results. The CRP contract monitoring procedures included processes for yearly monitoring, criteria for conducting monitoring visits, and methods to address identified areas of non-compliance, in accordance with

2 CFR §200.328(a). However, there were no written processes for periodic monitoring of other vendors or providers. In addition, monitoring requirements were not consistently included in contracts. Some contracts lacked monitoring criteria. Contractor invoices did not provide the information necessary to be considered a reliable contract monitoring tool. By not monitoring all contractors and vendors periodically to ensure program accountability, DVR has not satisfied the requirements of 2 CFR §200.328.

Conclusion: Based upon RSA’s review, DVR did not have sufficient internal controls to ensure:

- 1) Procurements with Federal and non-Federal funds follow State policies and procedures; and
- 2) Accurate accounting for and reporting of the financial results of all Federally-assisted activities (2 CFR §§200.302, 200.317; and 34 CFR §76.702).

RSA determined that the agency was not following State procurement policies regarding the obligation of contracts and was not accounting for all Federal funds. Additionally, the agency did not have sufficient internal controls for contract monitoring to ensure and accurately account for all Federal and non-Federal funds spent in the VR and Supported Employment programs as it is required to do by 2 CFR §200.328. RSA cannot determine, with certainty at this time, whether DVR is using Federal VR funds only for allowable and authorized program activities.

Corrective Actions: RSA requires that DVR:

- 5.2.1 Procure services in a manner consistent with State procurement policies and ensure that VR and Supported Employment program funds are used only for allowable program activities;
- 5.2.2 Revise current contracts and implement internal controls necessary to ensure future contracts:
 - a) Include language necessary to ensure that VR and Supported Employment program funds are used only for allowable activities;
 - b) Require that contractor invoices submitted to the agency identify whether the services being billed are for allowable VR or supported employment services;
 - c) Include the required contract monitoring criteria pursuant to the agency’s monitoring procedures;
 - d) Provide for appropriate cost allocation and ensure costs are proportional to the benefit received by the VR and Supported Employment programs; and
 - e) Are consistent with Federal and State requirements, including the State’s procurement policies; and
- 5.2.3 Develop and implement internal controls to ensure monitoring of contractors and vendors, as required by 2 CFR §200.328.

5.3 Inaccurate Financial Reporting

Issue: Does DVR accurately report the financial results of all Federally-assisted activities in accordance with 34 CFR §361.12; 34 CFR §76.702 and 2 CFR §200.302. This area of review is included on pages 51 - 54 of the MTAG.

Requirements: In accordance with the Uniform Guidance at 2 CFR §200.302(a), a State's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the award, must be sufficient to permit the preparation of reports required by general and program specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. In addition, 34 CFR §76.702 requires States to use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds (see also 34 CFR §361.12).

The Office of Management and Budget (OMB) requires that grantees use the Federal Financial Report (SF-425) to report financial data for grant awards. RSA instructions for completing the form are detailed in Policy Directive (PD) RSA-PD-15-05, and require an accurate account of all Federal and non-Federal obligations and expenditures that were used to support the VR program. RSA uses the SF-425 data to monitor the financial status of the VR program and to assess grantee compliance with the fiscal requirements contained in the Act and its implementing regulations, 34 CFR part 76, and 2 CFR part 200. For example, RSA uses the SF-425 data to assess whether VR agencies met the match and MOE requirements, as well as other requirements related to record keeping and drawdowns (section 111(a) of the Rehabilitation Act; 34 CFR §§361.12, 361.60, and 361.62; 2 CFR part 200; and the Cash Management Improvement Act of 1990 (CMIA)). When a State does not submit timely and/or accurate SF-425s, RSA is not able to determine whether these requirements have been satisfied, thereby affecting its ability to protect the Federal interest. Therefore, the reports must be accurate and submitted timely. In addition, the Uniform Guidance at 2 CFR §200.62(a)(3) defines "internal control over compliance requirements for Federal awards" as a process implemented by a grantee that provides reasonable assurance that, among other things, that transactions are accurately recorded and accounted for to demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Analysis: RSA reviewed the agency's written processes for development and submission of financial reports, including supporting documentation, to ensure the agency was accurately reporting the full financial results of all Federally-assisted activities in accordance with the Uniform Guidance.

Unliquidated Obligations

As indicated previously, DVR has unobligated contracts in its case management system, meaning the amount of Federal funds to pay for the contract are "reserved" but not obligated in the agency's financial system. In addition, fiscal staff do not have access to the case management system in order to determine the amount of the unobligated contracts, as necessary in order to assign them to the appropriate Federal awards in which the obligations were incurred. Therefore,

these contracts are not reported as Federal unliquidated obligations on the SF-425, line 10f - Federal Share of Unliquidated Obligations. However, these contracts meet the definition of an obligation pursuant to 2 CFR §200.71 as they are promises to pay contractors for services provided to VR clients, and therefore must be tracked and reported as unliquidated obligations. Liquidations of those obligations should be reported on the SF-425 for the Federal award to which the obligation should have been assigned. Nonetheless, as discussed previously, DVR charges expenditures to the Federal award based upon the date of service for encumbrances in the State accounting system and the date of invoice for authorizations in the case management system, not to the Federal award to which the obligation should be assigned. It is important that the agency account for the non-Federal unliquidated obligations in order to ensure it has met its match and MOE requirements.

Non-Federal Share

As stated previously, due to DVR's failure to assign expenditures according to the date of obligation and consistent with the award's period of performance, some non-Federal expenditures reported as match for a particular Federal award could have been obligated outside of the FFY of appropriation for that award. As a result, RSA cannot determine, with certainty at this time, whether the agency has met its match and MOE requirements for any given Federal award (34 CFR §§361.60 and 361.62). The problem caused by DVR's failure to accurately account for non-Federal obligations and expenditures to a particular Federal award is compounded by the reclassification of expenditures. When agency staff reclassifies expenditures from Federal to non-Federal, or non-Federal to Federal, staff are not tying the original expenditure back to the date of obligation but rather the date of service or date of payment for case management invoices. As a result, DVR is unable to demonstrate that reclassified expenditures were within the period of performance for the Federal award to which the costs were assigned. Consequently, DVR cannot ensure that its SF-425s report accurate Federal and non-Federal expenditures for any given Federal award.

Pre-employment Transition Service Expenditure Reporting

Additionally, while reviewing the supporting documentation for the non-Federal VR expenditures, RSA found that the agency was reporting both non-Federal and Federal expenditures for the provision of pre-employment transition services as all being Federal expenditures. In so doing, DVR was reporting both Federal and non-Federal expenditures for the provision of pre-employment transition services as meeting the requirement to reserve and expend not less than 15 percent of its Federal allotment for such services. As stated in the FFY 2016 grant award notification attachment, for the period of performance beginning October 1, 2015:

[G]iven the new requirement at section 110(d)(1), a State must reserve at least 15 percent of its State allotment, under the State Vocational Rehabilitation Services (VR) grant (CFDA 84.126A), for the provision of pre-employment transition services under section 113 of the Rehabilitation Act. The State allotment, which forms the basis for the

reservation of these funds, refers to the funds awarded pursuant to section 110(a) of the Rehabilitation Act, as well as any funds received during reallocation in accordance with section 110(b) of the Rehabilitation Act.

The statutory language makes it clear that the basis for the reservation of funds is the Federal grant award allotment as of the end of the year of appropriation. Therefore, any funds reported as meeting the requirement must be Federal – not non-Federal -- funds expended for the provision of pre-employment transition services to students with disabilities. By including non-Federal expenditures incurred for the provision of pre-employment transition services on its SF-425s, which make clear that only Federal expenditures should be reported, DVR cannot ensure that it is submitting accurate financial reports as it is required to do.

Internal Controls

RSA reviewed supporting documentation for the SF-425 reports submitted by DVR for FFYs 2015 and 2016. The supporting documentation showed a large number of expenditures reclassified to meet Federal or program requirements as described above. RSA found that DVR has not amended previous SF-425 reports to reflect an increase or decrease in the amount of expenditures previously reported due to reclassifications. For example, when the agency reclassifies Federal funds to program income, it is not amending previous reports to reflect the decrease in Federal expenditures and an increase to program income. In particular, the 4th quarter and final reports must be amended to reflect accurate expenditures after funds are reclassified in order to ensure accurate accounting for match, maintenance of effort, and grant expenditures. Therefore, when reclassifications occur, agencies must amend the 4th quarter and final SF-425 reports to accurately account for all expenditures, including changes resulting from reclassifications.

During the review of non-Federal expenditures, RSA identified calculation process errors that resulted in inaccurate reporting on the agency's SF-425s. In addition, some non-Federal expenditures assigned to a Federal award were not allowable as match for that particular Federal award due to the reclassification. For example, a review of reclassifications of Federal expenditures to non-Federal expenditures for the 4th quarter FFY 2016 VR SF-425 includes reclassified Federal expenditures to the non-Federal share in which the original service occurred before the period of performance. Additionally, in the 4th quarter FFY 2015 VR SF-425 report, some of the expenditures reclassified from Federal to non-Federal included authorizations that occurred after the year of appropriation. Due to the amount of reclassifications between Federal and non-Federal expenditures, RSA was unable to determine the proper assignment of the costs. Additionally, RSA found instances in which direct non-Federal authorizations were accounted for as match in the incorrect year of appropriation. One example of non-Federal share accounted for in the incorrect year of appropriation included staff travel in which the dates of the travel occurred before the start of the Federal award. Pursuant to 34 CFR §76.707(f), the obligation for travel expenses is incurred on the date the travel is taken. Therefore, the agency should have reported the non-Federal expenditures for the travel as match for the prior Federal award, which is when the obligation was incurred, not the Federal award to which the match was reported. The

agency's internal controls were not sufficient to identify such inaccuracies prior to submission of the SF-425 reports.

Conclusion: DVR did not satisfy the requirements in 34 CFR §361.12, 34 CFR §76.702, and 2 CFR §200.302 to accurately account for and report the financial results of all Federally-assisted activities, as the agency was not accurately reporting all Federal and non-Federal obligations and expenditures incurred by the agency. Additionally, the agency did not have sufficient internal controls to ensure all Federal reports accurately account for Federal and non-Federal obligations and expenditures in the VR and Supported Employment programs. As a result, RSA cannot determine, with certainty at this time, whether the agency satisfied financial requirements related to match, MOE, carryover of funds, and the reservation of funds for the provision of pre-employment transition services. Moreover, the reporting of inaccurate non-Federal expenditures for match purposes also could raise questions of whether the costs were allowable.

Corrective Actions: RSA requires that DVR:

- 5.3.1 Update and implement policies and procedures to accurately report Federal and non-Federal expenditures and obligations to the correct Federal award;
- 5.3.2 Revise and resubmit the SF-425 reports for FFYs 2015 and 2016 to accurately report Federal and non-Federal expenditures and obligations; and
- 5.3.3 Develop and implement a written internal control process, including a monitoring component, to ensure ongoing compliance with Federal reporting requirements.

5.4 Incorrect Assignment of Personnel Costs to the VR Program

Issue: Did DVR meet personnel cost allocation requirements in 2 CFR §§200.430 and 200.431. This area of review is included on page 53 of the MTAG.

Requirements: In accordance with Uniform Guidance in 2 CFR §200.430(i)(1)(vii), charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed and must, among other things, support the distribution of the employee's salaries or wages among specific activities or cost objectives if the employee works on more than one Federal award. In addition, 2 CFR §200.431(b)(2) states that the cost of fringe benefits is allowable if, among other things, the costs are equitably allocated to all related awards, including Federal awards. The Uniform Guidance at 2 CFR §200.62(a)(3) also defines "internal control over compliance requirements for Federal awards" as being a process that ensures, among other things, that transactions are accurately recorded and accounted for to demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Analysis: RSA reviewed the agency's written processes and a sample of timesheets to ensure the agency was assigning personnel costs, including fringe benefits, in accordance with the Uniform Guidance in 2 CFR part 200. Agency procedures state that VR staff allocate time based upon the number of hours worked on each cost objective. In addition, the procedures indicate that fringe benefits for staff are allocated in proportion to the hours worked on each cost objective.

However, RSA determined not all staff time is allocated to the correct cost objective. In addition, personnel costs related to holiday, vacation and sick leave are not allocated correctly, as described further below.

DVR administers multiple programs, including the VR, State Independent Living Services, and Supported Employment programs. However, based upon RSA review of sample time sheets provided by DVR, agency staff are only allocating time between the VR program and the provision of pre-employment transition services. If the agency allocates additional time between other Federally administered programs, RSA was not provided a sample of such timesheets. The agency informed RSA during on-site monitoring that it does not charge staff time to the Supported Employment program because all of the expenditures under this Federal award are spent on service provision. In addition, the VR agency Director's time is reported as direct time and charged only to the VR award. Because the Director oversees multiple programs (cost objectives), the personnel costs must be allocated proportionally between all of the different programs administered by the agency (2 CFR 200.413(c)), or included in the indirect cost rate or cost allocation plan. In addition, holiday, vacation and sick time were not allocated in proportion to the hours worked on each cost objective for agency staff. Staff who allocated direct time to multiple cost objectives still charged holiday, vacation and sick time to the VR program.

Conclusion: As a result of this analysis, DVR did not satisfy the personnel cost allocation requirements in the Uniform Guidance (2 CFR §§200.430 and 200.431), as the agency was improperly charging personnel costs for staff working on the non-VR programs solely to the VR award. Additionally, the agency did not have sufficient internal controls to ensure the proper assignment of holiday, vacation, and sick leave expenditures to the various programs in accordance with the amount of time spent working on the cost objective. The costs charged to the VR program that were not in accordance with the Uniform Guidance represent questioned VR program costs.

Corrective Actions: RSA requires that DVR:

- 5.4.1 Cease using VR funds to pay for personnel costs that must be allocated to other cost objectives;
- 5.4.2 Revise and implement policies and procedures to correctly assign personnel costs, including fringe benefits, to the correct cost objectives;
- 5.4.3 Revise SF-425 reports to reflect accurate expenditures and ensure accurate reporting of personnel costs in future submissions; and
- 5.4.4 Develop and implement a written internal control process, including a monitoring component, to ensure ongoing compliance with personnel cost allocation requirements.

5.5 Prior Approval Requirements Not Met

Issue: Did DVR meet the prior approval requirements in 2 CFR §200.407. This area of review is included on page 53 of the MTAG.

Requirements: The Uniform Guidance at 2 CFR §200.407, includes a list of specific circumstances for which prior approval from the Federal awarding agency in advance of the occurrence is either required for allowability or recommended in order to avoid subsequent disallowance or dispute based on the unreasonableness or non-allocability. For example, 2 CFR §200.439(b)(1) states that capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding or pass through entity. The Uniform Guidance at 2 CFR §200.62(a)(3) also requires the agency have internal control over compliance requirements for Federal awards to demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

On November 2, 2015, the Department of Education adopted the final regulations found in 2 CFR part 200 ([Federal Register notice 80 FR 67261](#)). The Department issued notifications to grantees regarding the new requirements and made training and technical assistance documents available to grantees to assist in implementation of the new requirements. To ensure that RSA grantees were aware of the applicability of the prior approval requirements, RSA included a special clause on the FFY 2016 Grant Award Notifications that stated, in pertinent part:

“the prior approval requirements listed in the Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance) (2 CFR part 200) are applicable to this award... Grantees are responsible for ensuring that prior approval, when required, is obtained prior to incurring the expenditure. Grantees should pay particular attention to the prior approval requirements listed in the Cost Principles (2 CFR part 200 subpart E).”

In addition, information regarding the requirements in 2 CFR part 200 was communicated to grantees via RSA’s listserv on September 23, 2015.

Analysis: RSA requested the agency’s written policies, procedures or processes that ensure the agency was meeting the prior approval requirements when applicable. DVR informed RSA that no such processes had been developed. To determine whether the lack of processes resulted in non-compliance with the prior approval requirements, RSA reviewed contracts provided by the agency. RSA found a contract where equipment, specifically software and intellectual equipment, purchased exceeded the State’s threshold for classification of equipment at \$5,000, and was charged directly to the award without prior approval from RSA. In another contract, RSA found the agency charged participant support costs for SRC staff to attend a conference and did not obtain prior approval (2 CFR §§200.75 and 200.456).

Conclusion: As a result of the analysis, DVR did not meet the prior approval requirements pursuant to the Uniform Guidance (2 CFR §200.407).

Corrective Actions: RSA requires that DVR:

- 5.5.1 Develop and implement policies and procedures, as well as a written internal control process, including a monitoring component, to ensure ongoing compliance with the prior approval requirements.

5.6 Insufficient Internal Controls – Assignment of Supported Employment Obligations and Expenditures to the Correct Federal Award

Issue: Does DVR assign obligations and expenditures to the correct Federal award in accordance with 34 CFR §361.12; 2 CFR §§200.77, 200.302, 200.303(a), 200.309; and 34 CFR 76.702; and is the agency in compliance with Federal requirements (34 CFR §363.23). This area of review is included on pages 52 and 53 of the MTAG.

Requirements: As a recipient of Federal Supported Employment funds, DVR must have procedures that ensure the proper and efficient administration of its Supported Employment programs and enable DVR to carry out all required functions, including financial reporting (34 CFR §361.12). In accordance with the Uniform Guidance in 2 CFR §200.302(a), a State's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the award, must be sufficient to permit the preparation of reports required by general and program specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of Federal award. The Uniform Guidance, at 2 CFR §200.302(b)(1), requires the financial management system of each non-Federal entity to provide for the following: identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. In addition, 34 CFR §76.702 requires States to use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for Federal funds.

Each grant award has a defined “period of performance,” which is the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award (2 CFR §200.77). A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (2 CFR §200.309, see also 34 CFR §76.703 and §76.709). Grantees must implement internal controls necessary to ensure obligations and expenditures for a Federal award are assigned, tracked, recorded, and reported within the applicable period of performance for that Federal award, thereby ensuring the grantees are managing the award in compliance with Federal requirements (2 CFR §200.303(a)). The proper assignment of Federal and non-Federal funds to the correct period of performance is necessary for DVR to correctly account for Supported Employment funds so that RSA can be assured that the agency has satisfied requirements for, among other things, match (34 CFR §363.23) and the reservation and expenditure of Supported Employment funds for the provision of supported employment services, including extended services, to youth with the most significant disabilities (34 CFR §363.22).

Analysis: As mentioned previously, the agency reclassifies expenditures. In particular, the agency reclassified expenditures between DVR's and DBVI's Federal Supported Employment program awards. DVR reclassified \$49,287.85 of its Federal FFY 2015 Supported Employment funds to pay for Supported Employment program expenditures incurred by DBVI in the provision of such services to individuals with the most significant disabilities who were eligible for those services from DBVI, not DVR. Both DVR and DBVI, as separate DSUs for the VR program in Maine, must submit separate VR services portions of the Maine Combined State Plan that include a Supported Employment Supplement pursuant to section 101(a)(22) of the Act. As such, DVR assures that it will only use Supported Employment program funds allotted to it to provide authorized services to eligible individuals in accordance with its own VR services portion of the Combined State Plan and Supported Employment supplement (34 CFR §363.11(g)(1)). According to its VR services portion of the Unified State Plan, including its Supported Employment Supplement, DBVI is the sole State agency designated pursuant to section 101(a)(2)(A)(i) of the Act to provide services to individuals who are blind or visually impaired. Conversely in its VR services portion of the Unified State Plan, including its Supported Employment Supplement, DVR makes clear that it is the sole State agency designated to provide services to individuals with all other disabilities. This means that only DBVI may use Supported Employment grant funds allotted to it to provide such services to blind and visually-impaired individuals, and DVR may use Supported Employment grant funds allotted to it to serve only those individuals with all other disabilities.

By using its own Supported Employment grant funds to pay for expenditures incurred under the DBVI VR services portion of the Unified State Plan and Supported Employment supplement, DVR failed to ensure that its Federal funds were only used for allowable purposes under its own State plan, namely the provision of supported employment services for DVR eligible individuals with the most significant disabilities. There is no authority under the Act or its implementing regulations for the DSUs to transfer Federally administered grant award funds between them without formally requesting that RSA transfer Federal funds from one grant award to another. The agency did not have sufficient internal controls to ensure Federal Supported Employment funds were spent only for allowable services outlined in its approved State plan.

RSA also reviewed the agency's supporting documentation for the non-Federal share required by section 603 of the Rehabilitation Act for the provision of supported employment services, including extended services, for youth with the most significant disabilities under the Supported Employment program. Supporting documentation for expenditures reported as the non-Federal share for the Supported Employment program showed the agency had reclassified Federal Supported Employment expenditures to non-Federal expenditures in order to meet the match requirement. During on-site monitoring, DVR informed RSA it could not tie the amount of funds reclassified to meet the match back to the original obligations or expenditures. For obligations authorized in the State's accounting system, expenditures are liquidated from the Federal grant award to which the obligation was assigned based upon the date of service. Consequently, the agency is unable to demonstrate whether the reclassified expenditures met the match requirements for the Supported Employment program to be spent solely on the provision of

services to youth with the most significant disabilities, including extended services, and not on adults in supported employment. As a result, DVR did not meet the match requirement for the Federal Supported Employment program and subsequently was not entitled to the Federal funds it expended on youth with the most significant disabilities. Additionally, the agency could not ensure its SF-425s accurately report non-Federal share expenditures and obligations for the Supported Employment program.

Conclusion: DVR did not satisfy the requirements in 34 CFR §361.12; 34 CFR §76.702; and 2 CFR §200.302 to accurately account for and report the financial results of all Federally-assisted activities, as the agency was not accurately accounting for all Federal and non-Federal obligations and expenditures incurred by the agency. Additionally, the agency did not have sufficient internal controls to ensure expenditures for non-Federal share were for allowable purposes in the Supported Employment program or within the applicable period of performance. As a result, RSA cannot determine, with certainty at this time, whether the agency satisfied financial requirements related to match, carryover of funds, and the reservation of funds for the provision of supported employment services, including extended services, to youth with the most significant disabilities. Moreover, the reporting of inaccurate non-Federal expenditures for match purposes also could raise questions of whether the costs were allowable.

Corrective Actions: RSA requires that DVR:

- 5.6.1 Cease transferring Federal funds between DVR and DBVI without formally requesting the transfer from RSA;
- 5.6.2 Revise and implement policies and procedures to accurately report Federal and non-Federal expenditures and obligations to the correct Federal award;
- 5.6.3 Revise and resubmit the SF-425 reports for FFYs 2015 and 2016 to accurately report Federal and non-Federal expenditures and obligations; and
- 5.6.4 Develop and implement a written internal control process, including a monitoring component, to ensure ongoing compliance with Federal reporting requirements.

E. Technical Assistance

During the course of monitoring activities, RSA provided technical assistance to DVR as described below.

Internal Controls

RSA provided technical assistance to DVR regarding the definition of and requirements for internal controls. RSA reviewed the requirements for internal controls in the Uniform Administrative Requirements at 2 CFR §§200.302(b)(4) and 200.303. In addition to discussing the definition of internal controls, RSA reviewed each item that the non-Federal entity must adhere to in 2 CFR §200.303 and discussed what constitutes good internal controls. The agency must have written guidance for establishing and maintaining effective internal control over the Federal award available to staff at all levels for their reference in order for internal controls to work. Good internal control includes a developed process that is used to test and verify that the

internal controls work for the agency, and they must include a process used to take action when instances of non-compliance are identified.

Assigning Obligations and Expenditures to the Correct Federal Award

RSA provided technical assistance to DVR regarding agency internal controls to ensure accurate Federal reporting and accounting of Federal and non-Federal expenditures. As required in 2 CFR §200.303(a), the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award. RSA provided technical assistance to the agency regarding their process of paying for expenditures. As described in Section 5.D of this report, the agency is not liquidating expenditures with the same Federal award in which the funds are obligated. RSA and DVR reviewed the requirements in 34 CFR §76.707 that detail when an obligation is incurred for specific transactions. RSA and the agency reviewed this requirement along with the FAQ document issued on March 22, 2017, regarding the period of performance ([RSA: Period of Performance for Formula Grant Awards FAQs](#)).

With these requirements in mind, RSA and DVR discussed adjusting agency accounting practices to ensure obligations and liquidations are accounted for with the same Federal award. RSA and DVR discussed in detail the different transactions in order to determine when an obligation occurs based upon the type of transaction. Technical assistance was provided regarding tracing the funds at the time of encumbrance in the financial system, and determining how to obtain this information in the case management system. Additionally, RSA and DVR discussed multi-year contracts and the encumbrance of Federal funds for these types of contracts. This included reviewing the State's policies regarding procurement processes to ensure that whatever method the agency employs would be in compliance with both State and Federal requirements. DVR and RSA discussed the contracts with CRPs that are currently not encumbered in the financial system in order to determine what constitutes an obligation under these agreements. Using its own State purchasing requirements (2 CFR §200.317) and the requirements regarding obligations in the Uniform Administrative Requirements (34 CFR §76.707), the authorization of a service would constitute the obligation of funds in DVR's CRP contracts.

Federal Reporting

RSA provided DVR with technical assistance related to accounting for expenditures on the SF-425 reports, specifically program income (34 CFR §361.63(c)(1)) and the requirement to draw program income prior to drawing Federal funds (34 CFR §361.63(c)(3)(iii)). As the agency reclassifies previous Federal expenditures as program income when received, the agency must have strong internal control processes in place to ensure Federal funds are not drawn down and spent before those reclassifications occur. RSA suggested the agency develop written internal control procedures to ensure it has a system in place that demonstrates the expenditure of program income prior to the drawdown of Federal funds. Some States manage the process by having a separate account. When the program income is received, the funds are transferred to

that account. If there is a positive balance in that account, no additional Federal funds are drawn before the program income in the additional account has been spent. Additionally, some States transfer the program income into the Federal account. With this practice, any future Federal draws would be automatically reduced by the amount of program income received. If there is a positive balance of Federal funds in the account, those funds are used before drawing in additional Federal funds for reimbursement.

Match/MOE

RSA provided DVR with technical assistance related to accounting for non-Federal share as defined in 34 CFR §361.60(b). All of DVR's non-Federal share used for match was appropriated to the agency by the State of Maine. The agency generally spends the non-Federal share first in order to ensure the match requirements are met by the end of the year of appropriation (section 19(a)(1) of the Act). RSA and DVR discussed the importance of tracking the liquidation of those obligations to ensure the match requirement is still met if some of those obligations fall off the books.

Prohibition Against Subgranting

RSA provided technical assistance to DVR regarding the prohibition against subgranting Federal awards made under the VR, Supported Employment, and Client Assistance programs. Language in one of the contracts appeared to suggest the agency was subgranting Federal VR funds. Although DVR indicated that this was not the case, it was not clear in the contract and RSA discussed updating the contract to ensure it was clear that the agency was not subgranting the Federal funds.

A State agency may not subgrant awards made under the Act, for the VR, Supported Employment, and Client Assistance programs. EDGAR in 34 CFR §76.50(b) states that the authorizing statute determines the extent to which a State may: 1) use grant funds directly; and 2) make subgrants to eligible applicants. This means that the authorizing statute must specifically permit subgranting in order for the subgranting of Federal funds to be permissible. Because neither the Act nor its implementing program regulations specifically permit subgranting under either the VR, Supported Employment, or Client Assistance programs, such subgranting is not permitted.

Personnel Costs

RSA provided technical assistance to DVR regarding personnel cost allocation requirements in the Uniform Guidance (2 CFR §§200.430 and 200.431). Even though agency policy indicated that VR staff must allocate holiday, vacation and sick time in proportion to the hours worked on each cost objective, staff who allocated direct time to multiple cost objectives still charged holiday, vacation and sick time to the VR program. RSA and the agency discussed the importance of internal controls to ensure the agency implements its policies and procedures and develops a process to evaluate current effectiveness of implemented policy. RSA and DVR

discussed evaluating and updating policies for personnel services to ensure accurate implementation as well as consistency among agency staff.

Prior Approval

RSA provided technical assistance to DVR regarding prior approval requirements in the Uniform Guidance (2 CFR §200.407). RSA shared the clause attached to the FFY 2016 Grant Award Notices that specified the history of prior approval requirements for grantees and the changes that occurred with the Department's adoption of the Uniform Administrative Requirements. RSA shared the US Government Publishing office [website](#) for the electronic Code of Federal Regulations. RSA reviewed the list of activities outlined in 2 CFR §200.407 that may require prior approval and reviewed the requirements under each activity with DVR to determine if prior approval was applicable for its grant awards. Under each activity, RSA and the agency discussed possible costs, with specific examples, that may require prior approval from RSA. RSA reviewed the requirement for agencies to have written policies and procedures in place (34 CFR §361.50 and 2 CFR §200.302(b)(7)), and discussed what the policies and procedures related to prior approval should include. RSA and DVR discussed that a policy or procedure for prior approval should be able to address:

- The process the agency has for obtaining prior approval;
- The process fiscal staff and contract staff use to determine if a cost should have received prior approval;
- Who in the agency needs to be aware of prior approval requirements, and who determines when prior approval is required; and
- Who compiles the requests with applicable information and sends them to RSA.

Lastly, RSA provided guidance as to what information should be included with requests for prior approval, such as the applicable regulation, what the agency is seeking prior approval for, the Federal award the costs will be charged to, the justification for the cost, if necessary, and the anticipated duration of useful life. This list is an example of information the agency should consider including in the request for prior approval, but it is not exhaustive.

DVR has not requested additional technical assistance.

SECTION 6: FOCUS AREA – JOINT WORKFORCE INNOVATION AND OPPORTUNITY ACT FINAL RULE IMPLEMENTATION

A. Nature and Scope

The U.S. Department of Education and the U.S. Department of Labor (collectively, the Departments) issued the WIOA Joint Rule for Unified and Combined State Plans, Performance Accountability, and the One-Stop System Joint Provisions; Final Rule (Joint WIOA Final Rule) to implement jointly administered activities authorized by title I of WIOA. These jointly-administered regulations apply to all core programs of the workforce development system established by title I of WIOA and are incorporated into the VR program regulations through subparts D, E, and F of 34 CFR part 361.

WIOA strengthens the alignment of the public workforce development system's six core programs by compelling unified strategic planning requirements, common performance accountability measures, and requirements governing the one-stop delivery system. In so doing, WIOA places heightened emphasis on coordination and collaboration at the Federal, State, local, and tribal levels to ensure a streamlined and coordinated service delivery system for job seekers, including those with disabilities, and employers.

Under WIOA, the workforce development system consists of the following six core programs:

- Adult, Dislocated Worker, and Youth programs, authorized under title I;
- Adult Education and Family Literacy Act (AEFLA) program, authorized under title II;
- Employment Service program authorized under the Wagner-Peyser Act, as amended by title III; and
- VR program authorized under title I of the Rehabilitation Act of 1973, as amended by title IV.

Through this focus area, RSA:

- Assessed DVR's progress toward fulfilling its role as one of the core programs in the workforce development system;
- Identified areas where DVR's partnership and collaboration with other core programs should be strengthened; and
- Provided technical assistance to DVR to assist in implementing the Joint WIOA Final Rule.

This focus area consists of the following topical areas: Governance, Unified or Combined State Plans, One-Stop Operations, and Performance Accountability. To gather information pertinent to these topics, RSA reviewed the Program Year (PY) 2016 Unified State Plan and sample Memoranda of Understanding and Infrastructure Funding Agreements related to the one-stop

service delivery system, as available. Review teams met with the DVR Director, BRS Director, DVR regional management staff, Maine Department of Labor (DOL) Commissioner, DOL management staff other DOL staff as well as representatives of the Maine State Workforce Development Board, Local Workforce Development Boards (LWDB) partners and One-Stop Operators.

B. Overview

RSA reviewed DVR's progress and status in meeting its role as a WIOA core program and required partner under the Joint WIOA Final Rule at 20 CFR part 678 (subpart F of 34 CFR part 361). RSA found that DVR is meeting substantially the intent and spirit of the requirements outlined by WIOA in terms of ensuring that VR is participating and collaborating within the process. DVR also participates in deliberation and development of policies regarding workforce development activities for the State of Maine through the State and local workforce development boards, as well as participation and involvement with State plan development and implementation. Through this participation, DVR ensures that the one-stop delivery system is accessible physically and programmatically to individuals with disabilities and fulfills the requirement for direct linkage access to VR services within the one-stop centers.

Governance

State Workforce Development Board (SWDB)

The SWDB plays a key role in leading a State's implementation of WIOA, which requires aligning investments in job training, integrating service delivery across programs, and ensuring that workforce investments are job-driven and match employers with skilled workers. The Maine SWDB is known as the Maine State Workforce Board (SWB) and DVR is represented by the Commissioner of the Maine Department of Labor, the DSA. The SWB has several committees, including the Commission on Disability and Employment.

Local Workforce Development Board (LWDB)

Maine has three LWDBs established to represent each region: Central/Western Workforce Investment Board, Coastal Counties Workforce Board, and Northwestern Workforce Development Board. DVR confirmed that the requirements of local workforce board representation as outlined by 20 CFR §679.320(d)(3)(iii) are being met.

State Plan Development and Implementation

While DVR indicated that there are no written policies related to development of the Unified State Plan, Maine DOL staff and DVR described a process of ongoing meetings with core program partners for operational planning as part of the Unified State plan process. DVR also indicated that collaborative meetings with core partners are scheduled around the upcoming two-year plan modification set for program year (PY) 2018. DVR provides input to the development of the State Planning process through participation on the Program Policy committee of the

SWB, which reportedly meets on a regular quarterly schedule, but met monthly during the initial roll out of the Unified State Plan development. The Maine Unified State Plan is available on the DOL website as well as DVR's direct linked website in accessible format.

During conference calls prior to the monitoring visit and on-site discussions, DOL, BRS and DVR outlined ongoing planning activities and described collaboration and strategic planning processes that included detailed weekly, monthly and ongoing semi-annual meetings of all required core partners. DOL staff provided RSA with a copy of the spread sheet tracking system used for identifying the status of progress for each stated objective and goal in the Unified State Plan. At the time of RSA's on-site review, most of the stated objectives were showing a status of "In Process," with two items indicated as "Not started" and three other areas listed as "Progress unknown."

One-Stop Delivery System

Access to VR Services in One-Stop Centers

In accordance with 34 CFR §361.420, and 34 CFR §463.420, each required one-stop partner program must provide access to its programs or activities. Ideally, the one-stop delivery system should bring together workforce development, educational, and other human resource services in a seamless customer-focused service delivery network that enhances access to services and improves long-term employment outcomes for individuals with disabilities. Currently, Maine has three regions/LWDBs with 12 Career Centers (one-stop centers) across the State.

VR agency staff are co-located in all one-stop center locations and provide VR services directly. DVR does not provide any specific direct linkage connections for VR services within the one-stop centers except for deaf and hard of hearing individuals who are provided access directly with VR counselors through video conferencing to facilitate VR referrals and discussion.

Memoranda of Understanding

In accordance with 34 CFR §361.420, and 34 CFR §463.420, each required one-stop partner program must enter an MOU that meets the requirements of 34 CFR §361.500(b) and 34 CFR §463.500(b) with the LWDB relating to the operation of the one-stop delivery network. At the time of the on-site visit, DVR and DOL staff reported that current MOUs related to the one-stop delivery system are under development with proposed completion dates no later than July 2017.

Infrastructure Costs

In accordance with 34 CFR §361.420(b)(2)(i) each required partner must use a portion of funds made available to the partner's program to jointly fund the one-stop infrastructure through contributions that are based upon a reasonable cost allocation methodology by which infrastructure costs are charged to each partner based upon proportionate use and relative benefit received. At the time of the visit DVR indicated it was still determining the cost allocation methodology in order to appropriately assign infrastructure costs chargeable to the VR program.

The agency was using previous agreements to determine possible allowable costs chargeable to the VR program.

Accessibility

Maine's Unified State Plan stated that core partners will strive for a statewide universal design approach that eliminates barriers to facilities, materials and services, through coordinated activities that will include appropriate and meaningful assessments of participants' needs including the needs for participants with disabilities.

DVR indicated that BRS has an Americans with Disabilities Act (ADA) coordinator that is always in the process of evaluating whether locations at the respective one-stop centers are physically and programmatically accessible. Furthermore, brochures and informational packets provided to RSA while on-site highlighted other responsibilities of the State's ADA Coordinator to help clarify the agency's progress in meeting this requirement. No additional information was provided on the current status of physical and programmatic accessibility of the State's one stop centers.

Performance Accountability

Performance Data Collection and Reporting

The State performance report required by Section 116(d)(2) of WIOA and 34 CFR §361.160 must be submitted annually using the template developed by DOL and the Department of Education. For VR specific standards, RSA recently updated the RSA-911 to include the primary indicators of performance identified in 34 CFR §361.155, to include effectiveness in serving employers. In accordance with RSA Technical Assistance Circular (TAC) 17-01, *Performance Accountability Guidance for Workforce Innovation and Opportunity Act Title I, Title II, Title III and Title IV Core Programs*, States must select two of three approaches while participating in a pilot program to measure the effectiveness in serving employers. At the time of the on-site visit, Maine had not identified its measures for effectiveness in serving employers; however, the SWB indicated that survey activities were being implemented.

Additionally, in accordance with WIOA section 116(b)(3)(A)(ii) and 34 CFR §361.160(a)(1)(ii), annual reporting should include the total number of participants who are co-enrolled in any of the programs in WIOA. In accordance with RSA Policy Directive (PD) 16-04, *Revision of PD 14-01 instructions for the completion of the Case Service Report (RSA-911) for the State Vocational Rehabilitation Services Program and the State Supported Employment Services Program*, DVR is expected to submit RSA-911 data for the first three quarters of FFY 2017 by August 31, 2017. Additionally, DVR is expected to begin collecting data on July 1, 2017, on open cases, with the first quarterly report using PD-16-04, due on November 15, 2017.

DVR's efforts to address the requirements for reporting the WIOA common performance indicators are focused in two primary areas. First, while DVR has access to Maine's quarterly unemployment insurance (UI) wage data, it does not yet have access to interstate quarterly UI

wage data. Maine is waiting for the State Wage Information System (SWIS) agreement to be completed by the Federal Departments of Labor and Education, and once it is released will pursue signing that agreement. Second, DVR converted to a commercially available case management system approximately three years ago, supported by the vendor, who is also developing a series of updates encompassing the changes in the RSA-911, which will provide DVR the ability to capture and report the new data elements required to report on the WIOA performance measures. These data element updates were scheduled to be in place prior to the beginning of data collection under the new RSA-911 on July 1, 2017. Similarly, the additional reporting capability should be available prior to the due date for the first quarterly report on November 15, 2017.

In the State of Maine, core programs (Title I, II, & III) utilize separate case management systems and, at the time of the review, did not have a mechanism for co-enrollment.

Performance Data Sharing

Section 116 of WIOA establishes performance accountability measures that apply across the core programs to assess the effectiveness of States and local areas in achieving positive outcomes for individuals served by those programs. The performance accountability measures encourage States to work collaboratively on measures shared across the workforce development system. In calculating the performance accountability measures, VR agencies need to develop data sharing agreements with various entities to obtain information on employment status, wages, and credential attainment, in addition to developing mechanisms for sharing data for the “effectiveness in serving employers” measure.

DVR uses its case management system to generate the quarterly RSA-911 report that is in turn used to generate the WIOA Annual Performance report. The employment data is obtained through a data matching process with both state UI wage data and wage information contained in the Social Security Administration data warehouse. The agency is currently working on a data sharing agreement to obtain interstate UI wage data.

Workforce partners in Maine cannot currently create an unduplicated count of individuals served, as they are unable to identify shared cases across all programs. Maine’s goal is to develop a computer application that would bridge the individual case management systems and enable identification of shared consumers.

C. Analysis of Performance and Observations

RSA's review of the performance of DVR in this focus area did not result in the identification of observations and recommendations.

D. Findings and Corrective Actions to Improve Performance

RSA's review of the performance of the VR program in this focus area did not result in the identification of corrective actions to improve performance.

E. Technical Assistance

During the course of monitoring activities, RSA provided technical assistance to DVR as described below.

Shared Costs in the One-Stop Delivery System MOU

RSA provided technical assistance to DVR regarding the requirements of the MOU for the one-stop delivery system, specifically related to funding the costs of the services and the operating costs of the system as defined in 34 CFR §361.500(b)(2). The MOU is the product of local discussion and negotiation, and is an agreement developed and executed between the LWDB and the one-stop partners, with the agreement of the chief elected official and the one-stop partners, relating to the operation of the one-stop delivery system in the local area. The MOU must include a description of services to be provided through the one-stop delivery system, including the manner in which the services will be coordinated and delivered through the system; and agreement on funding the costs of the services and the operating costs of the system, including: funding of infrastructure costs of one-stop centers in accordance with 34 CFR §§361.700 through 361.755; and funding of the shared services and operating costs of the one-stop delivery system described in 34 CFR §361.760.

RSA and DVR discussed the differences and requirements for shared costs defined at 34 CFR §361.760 and infrastructure costs defined in 34 CFR §361.700. Infrastructure costs are non-personnel costs that are necessary for the general operation of the one-stop facility. Shared costs are "additional costs relating to the operation of the one-stop delivery system. These other costs must include applicable career services and may include other costs, including shared services.

Shared services' costs may include the costs of shared services that are authorized for and may be commonly provided through the one-stop partner programs to any individual, such as initial intake, assessment of needs, appraisal of basic skills, identification of appropriate services to meet such needs, referrals to other one-stop partners, and business services. Shared operating costs may also include shared costs of the LWDB's functions. Contributions to the additional costs related to operation of the one-stop delivery system may be cash, non-cash, or third-party in-kind contributions, consistent with how these are described in 34 CFR §361.720(c). Shared costs must be allocated according to the proportion of benefit received by each of the partners, consistent with the Federal law authorizing the partner's program, and consistent with all other

applicable legal requirements, including Federal cost principles in 2 CFR part 200 (or any corresponding similar regulation or ruling) requiring that costs are allowable, reasonable, necessary, and allocable. Any shared costs agreed upon by the one-stop partners must be included in the MOU.

At the time of the on-site visit, DVR was developing shared cost agreements and provided RSA with a copy of a contract agreement regarding receptionist costs to be shared by DVR and the Department of Labor at a one-stop facility. RSA and the agency reviewed the contract agreement and determined that these expenditures fall within the requirements of shared services and shared costs in 34 CFR §361.760(b); therefore, these costs must be allocated according to the proportion of benefit received by each of the partners, consistent with the Federal law authorizing the partner's program, and consistent with all other applicable legal requirements.

State Workforce Development Board Representation:

DVR and DBVI, which administer the VR program – one of the core partner workforce development programs – that is authorized under the Act, as amended by title IV of WIOA, are both housed in the Maine Department of Labor, which also houses other core partners in the workforce development system that are authorized under titles I and III of WIOA. The Maine Department of Labor is overseen by a Commissioner, with each of the programs housed within that Department administered by a director specific to that program. During RSA's on-site monitoring of the VR program, RSA learned that DVR and DBVI are both represented on the State Workforce Development Board (State Board) by the Commissioner of the Maine Department of Labor, who also represents other core workforce partner programs, namely the Adult, Dislocated Worker, Youth, and Wagner-Peyser Employment Services programs.

Section 101(b)(1)(C)(iii)(I)(aa) of WIOA requires that the State Board be comprised of, among others, representatives from “the lead State officials with primary responsibility for the core programs” (see also 20 CFR §679.110(b)(3)(iii)(A)(1)). The preamble to the final regulations explains further that 20 CFR §679.110(b)(3)(iii)(A)(1)(i) through (iii) were modified for purposes of the final regulations to make clear that the title IV VR program must be represented by a single, unique representative, whereas one representative (e.g., the Commissioner of the Maine Department of Labor) may represent the Adult, Dislocated Worker, Youth, and Wagner-Peyser Employment Services programs (see 81 FR 56072, 56074 (Aug. 19, 2016)).

This policy position by the U.S. Department of Labor (DOL), as expressed in the preamble to the final regulations, is consistent with 20 CFR §679.110(e), which requires that State Board members representing core programs, such as the VR program, be individuals who have optimum policy-making authority for the core program that they represent. Pursuant to 20 CFR §679.120(a):

“(a) A representative with “optimum policy-making authority” is an individual who can reasonably be expected to speak affirmatively on behalf of the entity he or she represents and to commit that entity to a chosen course of action.”

The director of DVR or the director of DBVI would be the only individuals who would have optimum policy-making authority for the VR program, as described in 20 CFR §679.120(a). Such position is consistent with 34 CFR §361.13(c)(1), which specify certain functions that are the sole responsibility of the VR agency, including development and implementation of policies, allocation and expenditure of VR funds, and participation as a partner in the workforce development system. This would include the VR program's participation on the State Board pursuant to 20 CFR §679.110(b)(3)(iii)(A)(1)(iii) and 20 CFR §679.120(a). The VR program director does not have the authority to delegate this authority to another entity or individual (34 CFR §361.13(c)(2)). In other words, neither the DVR nor the DBVI director has the authority to delegate to the commissioner of the Maine Department of Labor the authority to represent the VR program on the Maine State Board. To do so would also be delegating the authority to commit the VR program to particular courses of action with respect to the development and implementation of policies and the allocation and expenditure of VR funds on behalf of the VR program, which is one of the core partner programs in the workforce development system. None of these authorities can be delegated to another individual, including the head of the DSA overseeing DVR and DBVI. Therefore, the Maine State Board has failed to comply with section 101(b) of WIOA and 20 CFR §679.110(b)(3)(iii)(A)(1)(iii) of its implementing regulations by having the Commissioner of the Maine Department of Labor represent the VR program on the Maine State Board. After consultation with DOL on this matter, we recommend that Maine revise its State Board composition by appointing either the DVR or DBVI director to the State Board to represent the VR program. As such, this VR program representative would be in addition to the representatives of the other core partners. Enforcement of this matter falls under the jurisdiction of DOL.

DVR has not requested additional technical assistance in this focus area.

APPENDIX A: PROGRAM AND FISCAL PERFORMANCE DATA TABLES

This appendix contains the program and fiscal performance data tables (referenced in Appendices C, D, E, and I of the Federal FY 2017 Monitoring and Technical Assistance Guide) used throughout the review. Data were drawn from the RSA-113, the RSA-911, and SF-425. The RSA-113 report is a quarterly submission that provides cumulative information at the end of the Federal fiscal year. The data from the RSA-113 cover both open and closed cases as reported to RSA at the end of the Federal fiscal year. The RSA-911 contains only information on cases closed during the Federal fiscal year covered by the report and does not include information related to those cases remaining open in the next Federal fiscal year.

Table 3.1 ME-G Case Status Information, Exit Status, and Employment Outcomes for All Individuals - FFYs 2014-2016

Performance category	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total applicants	4,820		4,967		4,494		305,977	
Total eligible individuals	5,725		6,100		5,248		306,015	
Agency implementing order of selection	No		No		Yes		-	
Individuals on order of selection waiting list at year-end	0		0		165		3,973	
Individuals in plan receiving services	4,758		5,440		6,025		471,489	
Percent accepted for services who received no services		22.1%		22.5%		29.7%		24.70%
Exited as applicants	616	16.5%	728	17.9%	782	16.1%	37,688	12.9%
Exited trial experience/extended evaluation	50	1.3%	20	0.5%	10	.2%	1,972	.7%
Exited with employment	1,010	27.1%	1,132	27.8%	1,166	24.0%	97,912	33.6%
Exited without employment	781	21.0%	819	20.1%	1,335	27.5%	73,307	25.2%
Exited from OOS waiting list							2,649	.9%

Performance category	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Exited without employment outcomes, after eligibility, before an IPE was signed or before receiving services	1,267	34.0%	1,375	33.8%	1,559	32.1%	77,897	27.0%
Total received services	1,791	48.1%	1,951	47.9%	2,501	51.5%	171,219	58.8%
Employment rate	56.4%		58.0%		46.6%			57.2%
Competitive employment outcomes	1,010	100.0%	1,132	100.0%	1,166	100.0%	95,703	97.7%
Supported employment outcomes	28	2.8%			2	0.2%	12,755	13.0%
Average hourly earnings for competitive employment outcomes	\$12.30		\$13.24		\$13.79		\$12.37	
Average hours worked for competitive employment outcomes	27.9		28.55		27.96		30.4	
Median hourly earnings for competitive employment outcomes	\$10		\$10		\$10.25		\$10.00	
Median hours worked for competitive employment outcomes	30		30		30		32.0	
Quarterly median earnings	\$3,900		\$4,160		\$4,075.50		\$4,160.00	

Data sources: RSA-911, RSA 113

Table 3.2.a ME-G VR Training Services Provided for Individuals Served - FFYs 2014-2016

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total number of individuals served	1,791		1,951		2,501		171,219	
College or university training	3	0.2%	4	0.2%	3	0.1%	630	0.4%
Four-year or university training	8	0.4%	37	1.9%	194	7.8%	10,694	6.2%

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Junior or community college training	217	12.1%	46	2.4%	89	3.6%	7,517	4.4%
Occupational or vocational training	562	31.4%	224	11.5%	286	11.4%	19,665	11.5%
On-the-job training	90	5.0%	15	0.8%	12	0.5%	4,861	2.8%
Apprenticeship training	1	0.1%	0	0.0%	0	0.0%	223	0.1%
Basic academic remedial or literacy training	62	3.5%	44	2.3%	42	1.7%	1,693	1.0%
Job readiness training	88	4.9%	68	3.5%	102	4.1%	21,666	12.7%
Disability-related skills training	10	0.6%	3	0.2%	5	0.2%	2,025	1.2%
Miscellaneous training	283	15.8%	210	10.8%	255	10.2%	14,361	8.4%

Data source: RSA-911

Table 3.2.b ME-G VR Career Services Provided for Individuals Served - FFYs 2014-2016

Career Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total number of individuals served	1,791		1,951		2,501		171,219	
Assessment	858	47.9%	614	31.5%	767	30.7%	109,501	64.0%
Diagnosis and treatment of impairment	734	41.0%	682	35.0%	695	27.8%	55,283	32.3%
Vocational rehab counseling and guidance	1,705	95.2%	1,863	95.5%	2,342	93.6%	99,604	58.2%
Job search assistance	159	8.9%	184	9.4%	263	10.5%	46,231	27.0%
Job placement assistance	1,199	66.9%	979	50.2%	1,188	47.5%	56,528	33.0%
On-the-job supports-short term	473	26.4%	347	17.8%	499	20.0%	17,268	10.1%
On-the-job supports-SE	177	9.9%	47	2.4%	55	2.2%	20,943	12.2%
Information and referral services	7	0.4%	17	0.9%	72	2.9%	27,036	15.8%

Career Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Benefits counseling	0	0.0%	8	0.4%	10	0.4%	8,229	4.8%
Customized employment services	0	0.0%	0	0.0%	193	7.7%	965	0.6%

Data source: RSA-911

Table 3.2.c ME-G VR Other Services Provided for Individuals Served - FFYs 2014-2016

Other Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total number of individuals served	1,791		1,951		2,501		171,219	
Transportation	751	41.9%	495	25.4%	652	26.1%	45,632	26.7%
Maintenance	469	26.2%	368	18.9%	445	17.8%	38,337	22.4%
Rehabilitation technology	263	14.7%	74	3.8%	64	2.6%	23,667	13.8%
Reader services	0	0.0%	0	0.0%	0	0.0%	49	0.0%
Interpreter services	44	2.5%	30	1.5%	57	2.3%	2,964	1.7%
Personal attendant services	6	0.3%	0	0.0%	2	0.1%	200	0.1%
Technical assistance services	106	5.9%	77	3.9%	82	3.3%	710	0.4%
Other services	922	51.5%	731	37.5%	941	37.6%	42,323	24.7%

Data source: RSA-911

Table 3.3.a ME-G Outcomes by Type of Impairment - FFYs 2014-2016

Type of Impairment	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Visual - Employment outcomes	3	0.3%	3	0.3%	1	0.1%	414	.4%
Visual - Without employment outcomes	2	0.3%	2	0.2%	6	0.4%	323	.4%
Auditory and Communicative - Employment outcomes	349	34.6%	478	42.2%	454	38.9%	17,462	17.8%
Auditory and Communicative - Without employment outcomes	54	6.9%	58	7.1%	116	8.7%	3,956	5.4%
Physical - Employment outcomes	136	13.5%	147	13.0%	142	12.2%	19,838	20.3%
Physical - Without employment outcomes	150	19.2%	144	17.6%	209	15.7%	16,668	22.7%
Intellectual and Learning disability - Employment outcomes	280	27.7%	245	21.6%	270	23.2%	29,140	29.8%
Intellectual and Learning disability - Without employment outcomes	257	32.9%	258	31.5%	409	30.4%	21,885	29.9%
Psychosocial and psychological - Employment outcomes	242	24.0%	259	22.9%	299	25.6%	31,033	31.7%
Psychosocial and psychological - Without employment outcomes	318	40.7%	357	43.6%	598	44.8%	30,471	41.6%
Total served - Employment outcomes	1,010	100.00%	1,132	100.00%	1,166	100.00%	97,887	100.0%
Total served - Without employment outcomes	781	100.00%	819	100.00%	1,335	100.00%	73,303	100.0%

Data source: RSA-911

Table 3.3.b ME-G All Individuals Served by Type of Impairment FFYs 2014-2016

Type of Impairment	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Visual - Individuals served	5	0.3%	5	0.3%	7	0.3%	737	.4%
Auditory and Communicative - Individuals served	403	22.5%	536	27.5%	570	22.8%	21,418	12.5%
Physical - Individuals served	286	16.0%	291	14.9%	351	14.0%	36,506	21.3%
Intellectual and Learning disability - Individuals served	537	30.0%	503	25.8%	676	27.0%	51,025	29.8%
Psychosocial and psychological	560	31.3%	616	31.6%	897	35.9%	61,504	35.9%
Total individuals served	1,791	100.0%	1,951	100.0%	2,501	100.0%	171,190	100.0

Data source: RSA-911

Table 3.3.c ME-G Employment Rate by Type of Impairment - FFYs 2014-2016

Type of Impairment	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Visual - Employment rate		60.0%		60.0%		14.3%		56.2%
Auditory and Communicative - Employment rate		86.6%		89.2%		79.6%		81.5%
Physical - Employment rate		47.6%		50.5%		40.5%		54.3%
Intellectual and Learning disability - Employment rate		52.1%		48.7%		39.9%		57.1%
Psychosocial and psychological – Employment rate		43.2%		42.0%		33.3%		50.5%
Total served - Employment rate		56.4%		58.0%		46.6%		57.2%

Data source: RSA-911

Table 3.4.a ME-G Elapsed Time from Application to Eligibility for All Individuals Served - FFYs 2014-2016

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 60 days	1,875	61.3%	1,987	59.7%	2,376	58.5%	212,423	84.4%
61 – 90 days	524	17.1%	626	18.8%	760	18.7%	20,734	8.2%
91 – 120 days	281	9.2%	309	9.3%	399	9.8%	9,125	3.6%
121 – 180 days	220	7.2%	236	7.1%	302	7.4%	5,898	2.3%
181 – 365 days	132	4.3%	142	4.3%	194	4.8%	2,979	1.2%
More than 1 year	26	0.9%	26	0.8%	29	0.7%	606	.2%
Total eligible	3,058	100.0%	3,326	100.0%	4,060	100.0%	251,765	100.0%

Data source: RSA-911

Table 3.4.b ME-G Elapsed Time from Eligibility to IPE for All Individuals Served - FFYs 2014-2016 (revised)

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 90 days	878	49.0%	1,028	52.7%	1,314	52.5%	124,709	72.8%
More than 90 days	913	51.0%	923	47.3%	1,187	47.5%	46,510	27.2%
Total served	1,791	100.0%	1,951	100.0%	2,501	100.0%	171,219	100.0%

Data source: RSA-911

Table 3.4.c ME-G Elapsed Time from IPE to Closure for All Individuals Served - FFYs 2014-2016

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 3 months	74	4.1%	132	6.8%	119	4.8%	7,480	4.4%
4 – 6 months	325	18.1%	485	24.9%	511	20.4%	29,922	17.5%
7 – 9 months	275	15.4%	271	13.9%	413	16.5%	23,352	13.6%
10 – 12 months	230	12.8%	171	8.8%	278	11.1%	18,257	10.7%
13 - 24 months	455	25.4%	436	22.3%	551	22.0%	40,055	23.4%
25 – 36 months	202	11.3%	209	10.7%	274	11.0%	20,011	11.7%
37 – 60 months	153	8.5%	177	9.1%	254	10.2%	19,381	11.3%
More than 5 years	77	4.3%	70	3.6%	101	4.0%	12,761	7.5%
Total served	1,791	100.0%	1,951	100.0%	2,501	100.0%	171,219	100.0%

Data source: RSA-911

Table 3.5.a ME-G Standard Occupational Classification (SOC) Codes for All Individuals Served with Employment Outcomes - FFYs 2014-2016

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Architecture and Engineering Occupations (17-0000)	2	.2%	14	1.2%	6	.5%	656	.7%
Arts, Design, Entertainment, Sports, and Media (27-0000)	18	1.8%	13	1.1%	16	1.4%	1,025	1.0%
Building and Grounds Cleaning and Maintenance (37-0000)	91	9.0%	98	8.7%	94	8.1%	9,941	10.2%

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Business and Financial Operations Occupations (13-0000)	14	1.4%	20	1.8%	22	1.9%	1,351	1.4%
Community and Social Services Occupations (21-0000)	46	4.6%	57	5.0%	44	3.8%	2,697	2.8%
Computer and Mathematical Occupations (15-0000)	16	1.6%	6	.5%	12	1.0%	1,180	1.2%
Constructive and Extraction Occupations (47-0000)	25	2.5%	32	2.8%	34	2.9%	2,834	2.9%
Education, Training, and Library Occupations (25-0000)	47	4.7%	52	4.6%	43	3.7%	3,015	3.1%
Farming, Fishing, and Forestry Occupations(45-0000)	22	2.2%	16	1.4%	18	1.5%	570	.6%
Food Preparation and Serving Related Occupations (35-0000)	89	8.8%	98	8.7%	109	9.3%	11,974	12.2%
Healthcare Practitioners and Technical Occupations (29-0000)	32	3.2%	44	3.9%	57	4.9%	2,557	2.6%
Healthcare Support Occupations (31-0000)	44	4.4%	36	3.2%	39	3.3%	4,036	4.1%
Homemaker*							296	.3%
Installation, Maintenance, and Repair Occupations (49-0000)	37	3.7%	32	2.8%	44	3.8%	3,722	3.8%
Legal Occupations (23-0000)	2	.2%	6	.5%	3	.3%	239	.2%
Life, Physical, and Social Science Occupations (19-0000)	4	.4%	9	.8%	11	.9%	451	.5%
Management Occupations (11-0000)	34	3.4%	35	3.1%	53	4.5%	2,417	2.5%
Military Specific Occupations (55-0000)					1	.1%	37	.0%
Office and Administrative Support Occupations (19-0000)	141	14.0%	144	12.7%	152	13.0%	16,146	16.5%

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Personal Care and Service Occupations (39-0000)	47	4.7%	51	4.5%	51	4.4%	6,382	6.5%
Production Occupations (51-0000)	51	5.0%	63	5.6%	63	5.4%	7,461	7.6%
Protective Service Occupations (33-0000)	20	2.0%	14	1.2%	21	1.8%	1,624	1.7%
Randolph-Sheppard vending facility clerk*								
Randolph-Sheppard vending facility operator*								
Sales and Related Occupations (41-0000)	95	9.4%	119	10.5%	100	8.6%	8,555	8.7%
Transportation and Material Moving Occupations (53-0000)	133	13.2%	173	15.3%	173	14.8%	8,716	8.9%
Unpaid Family Worker*							28	.0%
Total employment outcomes	1,010	100.0%	1,132	100.0%	1,166	100.0%	97,910	100.0%

Data source: RSA-911

Table 3.5.b ME-G Standard Occupational Classification (SOC) Codes Median Hourly Earnings for All Individuals Served with Employment Outcomes - FFYs 2014-2016

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Architecture and Engineering Occupations (17-0000)	\$35.23		\$19.19		\$31.83		\$20.00	
Arts, Design, Entertainment, Sports, and Media (27-0000)	\$12.00		\$13.00		\$14.88		\$12.50	

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Building and Grounds Cleaning and Maintenance (37-0000)	\$8.00		\$8.50		\$8.50		\$9.15	
Business and Financial Operations Occupations (13-0000)	\$12.50		\$19.50		\$16.88		\$16.83	
Community and Social Services Occupations (21-0000)	\$13.23		\$13.00		\$16.53		\$13.90	
Computer and Mathematical Occupations (15-0000)	\$14.71		\$13.40		\$18.14		\$16.03	
Constructive and Extraction Occupations (47-0000)	\$14.50		\$15.50		\$15.83		\$13.00	
Education, Training, and Library Occupations (25-0000)	\$18.85		\$16.60		\$17.00		\$13.54	
Farming, Fishing, and Forestry Occupations(45-0000)	\$10.00		\$11.98		\$13.50		\$10.15	
Food Preparation and Serving Related Occupations (35-0000)	\$8.00		\$8.00		\$8.00		\$9.00	
Healthcare Practitioners and Technical Occupations (29-0000)	\$18.43		\$19.11		\$20.78		\$19.00	
Healthcare Support Occupations (31-0000)	\$10.28		\$10.07		\$10.00		\$10.65	
Homemaker*								
Installation, Maintenance, and Repair Occupations (49-0000)	\$11.00		\$15.59		\$13.50		\$11.76	
Legal Occupations (23-0000)	\$42.50		\$18.75		\$30.00		\$17.00	
Life, Physical, and Social Science Occupations (19-0000)	\$18.25		\$15.00		\$18.28		\$15.00	
Management Occupations (11-0000)	\$17.99		\$19.24		\$21.69		\$16.00	
Military Specific Occupations (55-0000)					\$15.00		\$10.00	

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Office and Administrative Support Occupations (19-0000)	\$10.00		\$11.00		\$10.50		\$10.00	
Personal Care and Service Occupations (39-0000)	\$9.60		\$10.00		\$9.27		\$9.19	
Production Occupations (51-0000)	\$10.00		\$11.00		\$11.00		\$10.00	
Protective Service Occupations (33-0000)	\$13.00		\$19.75		\$14.00		\$10.91	
Randolph-Sheppard vending facility clerk*								
Randolph-Sheppard vending facility operator*								
Sales and Related Occupations (41-0000)	\$8.27		\$8.50		\$9.06		\$9.48	
Transportation and Material Moving Occupations (53-0000)	\$8.50		\$9.50		\$9.50		\$10.00	
Unpaid Family Worker*								
Total employment outcomes	\$10.00		\$10.00		\$10.25		\$10.00	

Data source: RSA-911

Table 4.1 ME-G Case Status Information, Exit Status, Outcomes, and Quality Employment Outcomes for All Individuals with Disabilities under Age 25 at Exit - FFYs 2014-2016

Individuals with Disabilities under Age 25 at Exit	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total cases closed	1,196		1,368		1,625		97,326	
Exited as an applicant	172	14.38%	218	15.94%	235	14.46%	10,445	10.73%

Individuals with Disabilities under Age 25 at Exit	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Exited during or after trial work experience/extended evaluation	15	1.25%	7	0.51%	5	0.31%	710	0.73%
Exited without employment after IPE, before services	2	0.17%	0	0.00%	1	0.06%	2,787	2.86%
Exited from order of selection waiting list	0	0.00%	0	0.00%	0	0.00%	580	0.60%
Exited without employment after eligibility, before IPE	478	39.97%	579	42.32%	604	37.17%	26,275	27.00%
Exited with employment	242	20.23%	255	18.64%	245	15.08%	31,041	31.89%
Exited without employment	287	24.00%	309	22.59%	535	32.92%	25,488	26.19%
Employment rate	45.75%		45.21%		31.41%		54.91%	
Supported employment outcomes	8	3.31%	0	0.00%	0	0.00%	5,568	17.94%
Competitive employment outcomes	242	100.0%	255	100.0%	245	100.0%	30,879	99.48%
Average hourly earnings for competitive employment outcomes	\$9.54		\$9.09		\$9.70		\$10.31	
Average hours worked per week for competitive employment outcomes	25.21		22.65		24.68		28.83	
Competitive employment outcomes at 35 or more hours per week	74	30.58%	54	21.18%	76	31.02%	10,972	35.35%
Competitive employment outcomes meeting SGA	114	47.11%	83	32.55%	96	39.18%	15,965	51.43%
Competitive employment outcomes with employer- provided medical insurance	31	12.81%	22	8.63%	28	11.43%	4,181	13.47%

Data source: RSA-911

Table 4.2. ME-G Select VR Services Provided for Individuals with Disabilities under Age 25 at Exit-FFYs 2014-2016

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total number of individuals served	529		564		780		56,529	
College or university training	1	0.20%	1	0.20%	0	0.00%	217	0.40%
Four-year or university training	4	0.80%	16	2.80%	79	10.10%	4,759	8.40%
Junior or community college training	51	9.60%	23	4.10%	40	5.10%	3,700	6.50%
Occupational or vocational training	140	26.50%	55	9.80%	64	8.20%	7,389	13.10%
On-the-job training	31	5.90%	7	1.20%	5	0.60%	2,350	4.20%
Apprenticeship training	0	0.00%	0	0.00%	0	0.00%	72	0.10%
Basic academic remedial or literacy training	33	6.20%	12	2.10%	19	2.40%	1,199	2.10%
Job readiness training	38	7.20%	31	5.50%	42	5.40%	9,356	16.60%
Disability-related skills training	0	0.00%	1	0.20%	2	0.30%	733	1.30%
Miscellaneous training	119	22.50%	118	20.90%	129	16.50%	7,283	12.90%
Assessment	330	62.40%	275	48.80%	309	39.60%	34,386	60.80%
Diagnosis and treatment of impairment	78	14.70%	27	4.80%	31	4.00%	12,093	21.40%
Vocational rehab counseling and guidance	498	94.10%	550	97.50%	727	93.20%	31,103	55.00%
Job search assistance	57	10.80%	89	15.80%	106	13.60%	16,078	28.40%
Job placement assistance	425	80.30%	384	68.10%	428	54.90%	19,602	34.70%
On-the-job supports-short term	161	30.40%	161	28.50%	191	24.50%	6,477	11.50%
On-the-job supports-SE	45	8.50%	24	4.30%	29	3.70%	9,365	16.60%
Information and referral services	1	0.20%	2	0.40%	26	3.30%	8,416	14.90%
Benefits counseling	0	0.00%	0	0.00%	2	0.30%	1,985	3.50%
Customized employment services	0	0.00%	0	0.00%	40	5.10%	398	0.70%
Transportation	167	31.60%	126	22.30%	150	19.20%	11,822	20.90%
Maintenance	113	21.40%	105	18.60%	119	15.30%	10,231	18.10%
Rehabilitation technology	23	4.30%	16	2.80%	14	1.80%	2,970	5.30%

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Reader services	0	0.00%	0	0.00%	0	0.00%	22	0.00%
Interpreter services	3	0.60%	2	0.40%	14	1.80%	691	1.20%
Personal attendant services	1	0.20%	0	0.00%	0	0.00%	68	0.10%
Technical assistance services	30	5.70%	34	6.00%	30	3.80%	82	0.10%
Other services	214	40.50%	156	27.70%	209	26.80%	12,803	22.60%

Data source: RSA-911

Table 4.3.a ME-G Outcomes by Type of Impairment for Individuals with Disabilities under Age 25 at Exit - FFYs 2014-2016

Type of Impairment	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Visual - Employment outcomes		0.00%		0.00%		0.00%	83	0.27%
Visual - Without employment outcomes		0.00%	1	0.32%	2	0.37%	78	0.31%
Auditory and Communicative - Employment outcomes	17	7.02%	25	9.80%	25	10.20%	1840	5.93%
Auditory and Communicative - Without employment outcomes	11	3.83%	10	3.24%	38	7.10%	1161	4.56%
Physical - Employment outcomes	14	5.79%	13	5.10%	11	4.49%	2496	8.04%
Physical - Without employment outcomes	10	3.48%	13	4.21%	17	3.18%	2012	7.89%
Intellectual and Learning disability - Employment outcomes	152	62.81%	146	57.25%	137	55.92%	18991	61.19%
Intellectual and Learning disability - Without employment outcomes	178	62.02%	181	58.58%	282	52.71%	14904	58.48%
Psychosocial and psychological - Employment outcomes	59	24.38%	71	27.84%	72	29.39%	7628	24.58%

Type of Impairment	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Psychosocial and psychological - Without employment outcomes	88	30.66%	104	33.66%	196	36.64%	7331	28.76%
Total served - Employment outcomes	242	100.00%	255	100.00%	245	100.00%	31,038	100.00%
Total served - Without employment outcomes	287	100.00%	309	100.00%	535	100.00%	25,486	100.00%

Data source: RSA-911

Table 4.3.b ME-G All Individuals Served by Type of Impairment for Individuals with Disabilities under Age 25 at Exit FFYs 2014-2016

Type of Impairment	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Visual - Individuals served		0.00%	1	0.18%	2	0.26%	161	0.28%
Auditory and Communicative - Individuals served	28	5.29%	35	6.21%	63	8.08%	3,001	5.31%
Physical - Individuals served	24	4.54%	26	4.61%	28	3.59%	4,508	7.98%
Intellectual and Learning disability - Individuals served	330	62.38%	327	57.98%	419	53.72%	33,895	59.97%
Psychosocial and psychological	147	27.79%	175	31.03%	268	34.36%	14,959	26.46%
Total individuals served	529	100.00%	564	100.00%	780	100.00%	56,524	100.00%

Data source: RSA-911

Table 4.3.c ME-G Employment Rate by Type of Impairment for Individuals with Disabilities under Age 25 at Exit - FFYs 2014-2016

Type of Impairment	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Visual - Employment rate								51.55%
Auditory and Communicative - Employment rate		60.70%		71.40%		39.70%		61.31%
Physical - Employment rate		58.30%		50%		39.30%		55.37%
Intellectual and Learning disability - Employment rate		46.10%		44.60%		32.70%		56.03%
Psychosocial and psychological – Employment rate		40.10%		40.60%		26.90%		50.99%
Total served - Employment rate		45.70%		45.20%		31.40%		54.91%

Data source: RSA-911

Table 4.4.a ME-G Elapsed Time from Application to Eligibility for All Individuals for Individuals with Disabilities under Age 25 at Exit - FFYs 2014-2016

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 60 days	623	61.74%	679	59.41%	825	59.57%	71,426	82.89%
61 – 90 days	171	16.95%	206	18.02%	238	17.18%	7,648	8.88%
91 – 120 days	90	8.92%	103	9.01%	141	10.18%	3,405	3.95%
121 – 180 days	78	7.73%	89	7.79%	110	7.94%	2,280	2.65%

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
181 – 365 days	36	3.57%	60	5.25%	67	4.84%	1,166	1.35%
More than 1 year	11	1.09%	6	0.52%	4	0.29%	246	0.29%
Total eligible	1,009		1,143		1,385		86,171	

Data source: RSA-911

Table 4.4.b ME-G Elapsed Time from Eligibility to IPE for Individuals with Disabilities under Age 25 at Exit - FFYs 2014-2016

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 3 months	205	38.75%	201	35.64%	318	40.77%	39,529	69.93%
4-6 months	76	14.37%	92	16.31%	135	17.31%	8,989	15.90%
7-9 months	62	11.72%	50	8.87%	85	10.90%	3,334	5.90%
10-12 months	45	8.51%	55	9.75%	69	8.85%	1,909	3.38%
More than 12 months	141	26.65%	166	29.43%	173	22.18%	2,768	4.90%
Total served	529		564		780		56,529	

Data source: RSA-911

Table 4.4.c ME-G Elapsed Time from IPE to Closure for Individuals with Disabilities under Age 25 at Exit Served - FFYs 2014-2016

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 3 months	21	3.97%	29	5.14%	33	4.23%	1,857	3.29%
4 – 6 months	62	11.72%	78	13.83%	74	9.49%	6,383	11.29%
7 – 9 months	67	12.67%	58	10.28%	116	14.87%	6,521	11.54%
10 – 12 months	58	10.96%	63	11.17%	101	12.95%	5,995	10.61%
13 - 24 months	170	32.14%	149	26.42%	233	29.87%	15,587	27.57%
25 – 36 months	63	11.91%	83	14.72%	113	14.49%	8,330	14.74%
37 – 60 months	61	11.53%	82	14.54%	85	10.90%	7,953	14.07%
More than 5 years	27	5.10%	22	3.90%	25	3.21%	3,903	6.90%
More than 10 years								
Total served	529		564		780		56,529	

Data source: RSA-911

Table 4.5.a ME-G Standard Occupational Classification (SOC) Codes for Individuals with Disabilities under Age 25 at Exit with Employment Outcomes - FFYs 2014-2016

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Architecture and Engineering Occupations (17-0000)	1	0.41%	1	0.39%	1	0.41%	153	0.49%
Arts, Design, Entertainment, Sports, and Media (27-0000)	2	0.83%	1	0.39%		0.00%	286	0.92%

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Building and Grounds Cleaning and Maintenance (37-0000)	24	9.92%	21	8.24%	22	8.98%	2,966	9.56%
Business and Financial Operations Occupations (13-0000)	2	0.83%	1	0.39%		0.00%	247	0.80%
Community and Social Services Occupations (21-0000)	3	1.24%	3	1.18%	3	1.22%	293	0.94%
Computer and Mathematical Occupations (15-0000)	3	1.24%	2	0.78%		0.00%	296	0.95%
Constructive and Extraction Occupations (47-0000)	5	2.07%	4	1.57%	9	3.67%	749	2.41%
Education, Training, and Library Occupations (25-0000)	3	1.24%	3	1.18%	3	1.22%	645	2.08%
Farming, Fishing, and Forestry Occupations(45-0000)	7	2.89%	4	1.57%	3	1.22%	246	0.79%
Food Preparation and Serving Related Occupations (35-0000)	37	15.29%	41	16.08%	45	18.37%	5,612	18.08%
Healthcare Practitioners and Technical Occupations (29-0000)	2	0.83%	3	1.18%	5	2.04%	467	1.50%
Healthcare Support Occupations (31-0000)	7	2.89%	4	1.57%	7	2.86%	1,116	3.60%
Homemaker*		0.00%		0.00%		0.00%	11	0.04%
Installation, Maintenance, and Repair Occupations (49-0000)	17	7.02%	1	0.39%	10	4.08%	1,373	4.42%
Legal Occupations (23-0000)		0.00%		0.00%		0.00%	24	0.08%
Life, Physical, and Social Science Occupations (19-0000)		0.00%	2	0.78%	1	0.41%	102	0.33%
Management Occupations (11-0000)	2	0.83%	1	0.39%	2	0.82%	283	0.91%

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Military Specific Occupations (55-0000)		0.00%		0.00%	1	0.41%	32	0.10%
Office and Administrative Support Occupations (19-0000)	30	12.40%	24	9.41%	20	8.16%	4,939	15.91%
Personal Care and Service Occupations (39-0000)	14	5.79%	18	7.06%	17	6.94%	2,469	7.95%
Production Occupations (51-0000)	16	6.61%	19	7.45%	16	6.53%	2,501	8.06%
Protective Service Occupations (33-0000)	5	2.07%	2	0.78%	4	1.63%	403	1.30%
Randolph-Sheppard vending facility clerk*								
Randolph-Sheppard vending facility operator*								
Sales and Related Occupations (41-0000)	27	11.16%	39	15.29%	28	11.43%	3,405	10.97%
Transportation and Material Moving Occupations (53-0000)	35	14.46%	61	23.92%	48	19.59%	2,414	7.78%
Unpaid Family Worker*		0.00%		0.00%		0.00%	7	0.02%
Total employment outcomes	242		255		245		31,039	

Data source: RSA-911

Table 4.5.b ME-G Standard Occupational Classification (SOC) Codes Median Hourly Earnings for Individuals with Disabilities under Age 25 at Exit with Employment Outcomes - FFYs 2014-2016

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Architecture and Engineering Occupations (17-0000)	\$58.97		\$12.60		\$22.75		\$16.58	
Arts, Design, Entertainment, Sports, and Media (27-0000)	\$9.83		\$13.00				\$11.30	
Building and Grounds Cleaning and Maintenance (37-0000)	\$8.26		\$8.00		\$8.00		\$9.00	
Business and Financial Operations Occupations (13-0000)	\$11.75		\$15.00				\$14.40	
Community and Social Services Occupations (21-0000)	\$10.00		\$13.50		\$10.20		\$12.00	
Computer and Mathematical Occupations (15-0000)	\$14.43		\$8.50				\$14.41	
Constructive and Extraction Occupations (47-0000)	\$12.00		\$11.00		\$10.00		\$11.67	
Education, Training, and Library Occupations (25-0000)	\$13.50		\$9.38		\$9.50		\$10.95	
Farming, Fishing, and Forestry Occupations(45-0000)	\$8.24		\$9.50		\$8.50		\$10.00	
Food Preparation and Serving Related Occupations (35-0000)	\$7.56		\$7.53		\$8.00		\$8.75	
Healthcare Practitioners and Technical Occupations (29-0000)	\$11.08		\$17.80		\$10.00		\$13.00	
Healthcare Support Occupations (31-0000)	\$9.00		\$9.78		\$10.00		\$10.50	
Homemaker*								
Installation, Maintenance, and	\$10.00		\$15.00		\$11.75		\$10.00	

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Repair Occupations (49-0000)								
Legal Occupations (23-0000)							\$13.06	
Life, Physical, and Social Science Occupations (19-0000)			\$10.40		\$12.00		\$14.00	
Management Occupations (11- 0000)	\$15.76		\$7.50		\$17.81		\$12.30	
Military Specific Occupations (55- 0000)					\$15.00		\$10.00	
Office and Administrative Support Occupations (19-0000)	\$8.00		\$8.00		\$9.00		\$9.00	
Personal Care and Service Occupations (39-0000)	\$9.13		\$8.55		\$9.00		\$9.00	
Production Occupations (51-0000)	\$9.38		\$8.76		\$11.00		\$10.00	
Protective Service Occupations (33- 0000)	\$10.84		\$10.00		\$10.50		\$10.12	
Randolph-Sheppard vending facility clerk*								
Randolph-Sheppard vending facility operator*								
Sales and Related Occupations (41- 0000)	\$8.00		\$7.83		\$8.25		\$9.00	
Transportation and Material Moving Occupations (53-0000)	\$8.00		\$8.24		\$8.75		\$9.33	
Unpaid Family Worker*								
Total employment outcomes	\$8.50		\$8.00		\$9.00		\$9.35	

Data source: RSA-911

Table 4.6. ME-G Source of Referral for Individuals with Disabilities under Age 25 at Exit with Employment Outcomes – FFYs 2014-2016

Referral Sources	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
American Indian VR Services Program		0.00%		0.00%	1	0.06%	25	0.03%
Centers for Independent Living		0.00%	1	0.07%		0.00%	71	0.07%
Child Protective Services		0.00%	1	0.07%		0.00%	72	0.07%
Community Rehabilitation Programs	84	7.05%	63	4.65%	55	3.38%	1,772	1.84%
Consumer Organizations or Advocacy Groups	4	0.34%	4	0.30%	7	0.43%	328	0.34%
Educational Institutions (elementary/secondary)	634	53.23%	757	55.87%	881	54.22%	54,828	56.83%
Educational Institutions (post-secondary)	29	2.43%	27	1.99%	26	1.60%	3,049	3.16%
Employers		0.00%	1	0.07%	1	0.06%	98	0.10%
Faith Based Organizations		0.00%	1	0.07%	2	0.12%	88	0.09%
Family/Friends	14	1.18%	49	3.62%	70	4.31%	4,182	4.33%
Intellectual and Developmental Disabilities Providers	3	0.25%	8	0.59%	9	0.55%	860	0.89%
Medical Health Provider (Public or Private)	28	2.35%	16	1.18%	24	1.48%	2,316	2.40%
Mental Health Provider (Public or Private)	19	1.60%	65	4.80%	137	8.43%	2,184	2.26%
One-stop Employment/Training Centers	22	1.85%	28	2.07%	28	1.72%	638	0.66%
Other Sources	198	16.62%	147	10.85%	167	10.28%	7,376	7.64%

Referral Sources	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Other State Agencies	3	0.25%	12	0.89%	19	1.17%	877	0.91%
Other VR State Agencies	2	0.17%	3	0.22%	4	0.25%	263	0.27%
Public Housing Authority		0.00%		0.00%	1	0.06%	103	0.11%
Self-referral	117	9.82%	147	10.85%	159	9.78%	14,897	15.44%
Social Security Administration (Disability Determination Service or District office)		0.00%		0.00%	2	0.12%	275	0.29%
State Department of Correction/Juvenile Justice	4	0.34%	8	0.59%	19	1.17%	1,429	1.48%
State Employment Service Agency	1	0.08%	2	0.15%	5	0.31%	153	0.16%
Veteran's Administration		0.00%		0.00%		0.00%	27	0.03%
Welfare Agency (State or local government)	29	2.43%	14	1.03%	7	0.43%	543	0.56%
Worker's Compensation		0.00%	1	0.07%	1	0.06%	30	0.03%

Data source: RSA-911

Table 4.7. ME-G Reason for Closures for Individuals with Disabilities under Age 25 at Exit with Employment Outcomes - FFYs 2014-2016

Reason for Closure	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Achieved employment outcome	242	20.53%	255	18.82%	245	15.30%	31,041	32.60%
Unable to locate or contact	364	30.87%	567	41.85%	825	51.53%	21,811	22.91%
Transportation not feasible or available	6	0.51%	3	0.22%	4	0.25%	163	0.17%

Reason for Closure	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Does not require VR services	7	0.59%	6	0.44%	42	2.62%	587	0.62%
Extended services not available	10	0.85%	6	0.44%	4	0.25%	95	0.10%
All other reasons	74	6.28%	101	7.45%	28	1.75%	10,353	10.87%
Extended employment		0.00%		0.00%	0	0.00%	65	0.07%
Individual in institution, other than a prison or jail	5	0.42%	4	0.30%	2	0.12%	183	0.19%
Individual is incarcerated in a prison or jail	7	0.59%	9	0.66%	9	0.56%	617	0.65%
Disability too significant to benefit from VR services		0.00%	3	0.22%	7	0.44%	635	0.67%
No longer interested in receiving services or further services	463	39.27%	398	29.37%	432	26.98%	29,510	30.99%
Death	1	0.08%	3	0.22%	3	0.22%	156	0.16%

Data source: RSA-911

Table 5.1.a ME-G Supported Employment Outcomes for All Individuals with Disabilities - FFYs 2014-2016

All Individuals with Disabilities with Supported Employment Outcomes	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Supported employment outcomes	28		0		2		12,755	
Average hourly earnings for supported employment outcomes	\$8.35				\$ 8.50		\$ 9.67	
Average hours worked per week for supported employment outcomes	10.96				3.5		22.68	

All Individuals with Disabilities with Supported Employment Outcomes	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Competitive employment outcomes	28	100.0%					12,714	99.68%
Average hourly earnings for competitive supported employment outcomes	\$ 8.35						\$ 9.68	
Average hours worked per week for competitive supported employment outcomes	10.96						22.67	
Competitive supported employment outcomes at 35 or more hours per week	1	3.57%					2,008	15.74%
Competitive supported employment outcomes meeting SGA	4	14.29%					3,555	27.87%
Competitive supported employment outcomes with employer- provided medical insurance	1	3.57%					782	6.13%

Data source: RSA-911

Table 5.1.b ME-G Supported Employment Outcomes for All Individuals with Disabilities under Age 25 at Exit - FFYs 2014-2016

All Individuals with Disabilities with Supported Employment Outcomes	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Supported employment outcomes	8		0		0		5,568	
Average hourly earnings for supported employment outcomes	\$8.15						\$9.29	
Average hours worked per week for supported employment outcomes	18.25						22.19	

All Individuals with Disabilities with Supported Employment Outcomes	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Competitive employment outcomes	8	100.0%					5,557	99.80%
Average hourly earnings for competitive supported employment outcomes	\$ 8.15						\$ 9.30	
Average hours worked per week for competitive supported employment outcomes	18.25						22.19	
Competitive supported employment outcomes at 35 or more hours per week	1	12.5%					771	13.85%
Competitive supported employment outcomes meeting SGA	2	25.0%					1452	26.08%
Competitive supported employment outcomes with employer- provided medical insurance	1	12.5%					243	4.36%

Data source: RSA-911

Table 5.2.a. ME-G Select VR and Supported Employment Services Provided to All Individuals with Disabilities with Supported Employment Outcomes -FFYs 2014-2016

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total number of SE	28				2		12,755	
College or university training							16	0.10%
Four-year or university training							135	1.10%
Junior or community college training							164	1.30%
Occupational or vocational training							933	7.30%

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
On-the-job training	1	3.60%					487	3.80%
Apprenticeship training							8	0.10%
Basic academic remedial or literacy training							113	0.90%
Job readiness training							1,857	14.60%
Disability-related skills training							345	2.70%
Miscellaneous training					1	50.00%	1,313	10.30%
Assessment	17	60.70%			1	50.00%	8,390	65.80%
Diagnosis and treatment of impairment	2	7.10%					2,446	19.20%
Vocational rehab counseling and guidance	28	100.0%			2	100.0%	5,542	43.40%
Job search assistance	4	14.30%			1	50.00%	6,198	48.60%
Job placement assistance	26	92.90%			2	100.0%	5,706	44.70%
On-the-job supports-short term	8	28.60%			2	100.0%	1,116	8.70%
On-the-job supports-SE	7	25.00%					7,967	62.50%
Information and referral services							2,316	18.20%
Benefits counseling							1,228	9.60%
Customized employment services							156	1.20%
Transportation	7	25.00%					3,762	29.50%
Maintenance	8	28.60%			1	50.00%	3,452	27.10%
Rehabilitation technology	2	7.10%					575	4.50%
Reader services							2	0.00%
Interpreter services	3	10.70%					248	1.90%
Personal attendant services							4	0.00%
Technical assistance services							5	0.00%
Other services	13	46.40%			2	100.0%	2,585	20.30%

Data source: RSA-911

Table 5.2.b. ME-G Select VR and Supported Employment Services Provided to Individuals with Disabilities with Supported Employment Outcomes under Age 25 at Exit-FFYs 2014-2016

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total number of SE	8						5,568	
College or university training							9	0.20%
Four-year or university training							71	1.30%
Junior or community college training							99	1.80%
Occupational or vocational training							470	8.40%
On-the-job training							289	5.20%
Apprenticeship training							4	0.10%
Basic academic remedial or literacy training							101	1.80%
Job readiness training							1,048	18.80%
Disability-related skills training							175	3.10%
Miscellaneous training							807	14.50%
Assessment	4	50.00%					3,663	65.80%
Diagnosis and treatment of impairment	1	12.50%					954	17.10%
Vocational rehab counseling and guidance	8	100.00%					2,412	43.30%
Job search assistance	2	25.00%					2,870	51.50%
Job placement assistance	7	87.50%					2,409	43.30%
On-the-job supports-short term	5	62.50%					522	9.40%
On-the-job supports-SE	2	25.00%					3,681	66.10%
Information and referral services							976	17.50%
Benefits counseling							422	7.60%
Customized employment services							63	1.10%
Transportation	2	25.00%					1,378	24.70%

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Maintenance	3	37.50%					1,188	21.30%
Rehabilitation technology							213	3.80%
Reader services							1	0.00%
Interpreter services							68	1.20%
Personal attendant services							1	0.00%
Technical assistance services							1	0.00%
Other services	4	50.00%					1,113	20.00%

Data source: RSA-911

Table 5.3.a ME-G Elapsed Time from Application to Eligibility for All Individuals for Individuals with Disabilities Who Achieved Supported Employment Outcomes - FFYs 2014-2016

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 60 days	21	75.00%			1	50.00%	10,918	85.60%
61 – 90 days	3	10.71%			1	50.00%	903	7.08%
91 – 120 days	1	3.57%					387	3.03%
121 – 180 days		0.00%					309	2.42%
181 – 365 days	2	7.14%					185	1.45%
More than 1 year	1	3.57%					53	0.42%
Total SE	28	100.00%			2	100.00%	12,755	100.00%

Data source: RSA-911

Table 5.3.b ME-G Elapsed Time from Application to Eligibility for Individuals with Disabilities Who Achieved Supported Employment Outcomes under Age 25 at Exit - FFYs 2014-2016

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 60 days	6	75.00%					4,664	83.76%
61 – 90 days		0.00%					442	7.94%
91 – 120 days	1	12.50%					204	3.66%
121 – 180 days		0.00%					145	2.60%
181 – 365 days	1	12.50%					75	1.35%
More than 1 year		0.00%					38	0.68%
Total SE	8	100.00%					5,568	100.00%

Data source: RSA-911

Table 5.4.a ME-G Elapsed Time from Eligibility to IPE for Individuals with Disabilities Who Achieved Supported Employment Outcomes - FFYs 2014-2016

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 3 months	10	35.71%				0.00%	9,812	76.93%
4-6 months	5	17.86%				0.00%	1,752	13.74%
7-9 months	3	10.71%				0.00%	592	4.64%
10-12 months	5	17.86%				0.00%	262	2.05%
More than 12 months	5	17.86%			2	100.00%	337	2.64%
Total SE	28	100.00%			2		12,755	100.00%

Data source: RSA-911

Table 5.4.b ME-G Elapsed Time from Eligibility for IPE for Individuals with Disabilities Who Achieved Supported Employment Outcomes under Age 25 at Exit - FFYs 2014-2016

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 3 months	1	12.50%					3,853	69.20%
4-6 months	2	25.00%					963	17.30%
7-9 months		0.00%					350	6.29%
10-12 months	3	37.50%					165	2.96%
More than 12 months	2	25.00%					237	4.26%
Total SE	8	100.00%					5,568	100.00%

Data source: RSA-911

Table 5.5.a ME-G Elapsed Time from IPE to Closure for All Individuals with Disabilities Who Achieved Supported Employment Outcomes- FFYs 2014-2016

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 3 months	2	7.14%					450	3.53%
4 – 6 months	3	10.71%					2,520	19.76%
7 – 9 months	9	32.14%					2,363	18.53%
10 – 12 months	1	3.57%					1,820	14.27%
13 - 24 months	10	35.71%					3,118	24.45%
25 – 36 months	3	10.71%					1,118	8.77%

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
37 – 60 months							872	6.84%
More than 5 years					2	100.00%	494	3.87%
More than 10 years								
Total SE	28	100.00%			2		12,755	100.00%

Data source: RSA-911

Table 5.5.b ME-G Elapsed Time from IPE to Closure for All Individuals with Disabilities under Age 25 at Exit Served Who Achieved Supported Employment Outcomes - FFYs 2014-2016

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 3 months	1	12.50%					150	2.69%
4 – 6 months							871	15.64%
7 – 9 months	3	37.50%					952	17.10%
10 – 12 months							831	14.92%
13 - 24 months	2	25.00%					1,511	27.14%
25 – 36 months	2	25.00%					576	10.34%
37 – 60 months							469	8.42%
More than 5 years							208	3.74%
More than 10 years								
Total SE	8	100.00%					5,568	100.00%

Data source: RSA-911

Table 6.1 Maine-General (ME-G) VR Resources and Expenditures—FFYs 2014–2016

VR Resources and Expenditures	2014	2015	2016*
Total program expenditures	\$16,712,244	\$16,734,310	\$16,104,516
Federal expenditures	\$13,152,502	\$13,169,902	\$12,494,774
State agency expenditures (4 th quarter)	\$3,559,742	\$3,564,408	\$3,609,742
State agency expenditures (latest/final)	\$3,559,742	\$3,564,408	\$3,609,742
Federal formula award amount	\$12,382,060	\$12,414,046	\$12,912,268
MOE penalty from prior year	-	-	\$80
Federal award amount relinquished during reallocation	-	-	-
Federal award amount received during reallocation	\$770,442	\$755,856	\$425,139
Federal funds transferred from State VR agency	-	-	-
Federal funds transferred to State VR agency	-	-	-
Federal award amount (net)	\$13,152,502	\$13,169,902	\$13,337,327
Federal award funds deobligated	-	-	-
Federal award funds used	\$13,152,502	\$13,169,902	\$13,337,327
Percent of formula award amount used	106.22%	106.09%	103.29%
Federal award funds matched but not used	-	\$0	-

* Indicates the award is currently in an open status. Therefore, data is either not currently available or not final.

Table 6.2 Maine-General (ME-G) Non-Federal Share and Maintenance of Effort—FFYs 2014–2016

Non-Federal Share (Match) and Maintenance of Effort (MOE)	2014	2015	2016*
Match required per net award amount	\$3,559,699	\$3,564,408	\$3,609,721
Match provided (actual)	\$3,559,742	\$3,564,408	\$3,609,742
Match difference**	-\$43	-	-\$21
Federal funds matched (actual)	\$13,152,662	\$13,169,902	\$13,337,404
Percent Federal funds matched	100.00%	100.00%	100.00%
Match from State appropriation	\$3,559,742	\$3,564,408	\$3,609,742
Percent match from State appropriation	100.00%	100.00%	100.00%
Match from Third-Party Cooperative Arrangements (TPCA)	\$0	\$0	\$0
Percent match from TPCAs	0.00%	0.00%	0.00%
Match from Randolph-Sheppard program	\$0	\$0	\$0

Non-Federal Share (Match) and Maintenance of Effort (MOE)	2014	2015	2016*
Percent match from Randolph-Sheppard Program	0.00%	0.00%	0.00%
Match from interagency transfers	\$0	\$0	\$0
Percent match from interagency transfers	0.00%	0.00%	0.00%
Match from other sources	\$0	\$0	\$0
Percent match from other sources	0.00%	0.00%	0.00%
MOE required	\$3,559,619	\$3,564,488	\$3,559,742
MOE: Establishment/construction expenditures	-	-	-
MOE actual	\$3,559,742	\$3,564,408	\$3,609,742
MOE difference**	-\$123	\$80	-\$50,000

* Indicates the award is currently in an open status. Therefore, data is either not currently available or not final.

** A positive amount indicates a deficit. A negative amount indicates a surplus.

Table 6.3 Maine-General (ME-G) Program Income and Carryover—FFYs 2014–2016

Program Income and Carryover	2014	2015	2016*
Program income received	\$751,890	\$1,229,088	\$1,374,381
Program income disbursed	\$751,890	\$1,229,088	\$1,374,381
Program income transferred	\$25,000	\$39,000	\$32,460
Program income used for VR program	\$726,890	\$1,190,088	\$1,341,921
Federal grant amount matched	\$13,152,502	\$13,169,902	\$13,337,327
Federal expenditures and unobligated funds 9/30	\$8,774,440	\$9,602,878	\$12,494,774
Carryover amount	\$4,009,180	\$3,311,538	\$401,282
Carryover as percent of award	30.48%	25.14%	3.01%

* Indicates the award is currently in an open status. Therefore, data is either not currently available or not final.

Table 6.4 Maine-General (ME-G) RSA-2 Expenditures—FFYs 2014–2016*

RSA-2 Expenditures	2014	2015	2016
Total expenditures	\$18,289,182	\$18,885,177	\$18,751,733
Administrative costs	\$2,998,868	\$4,179,033	\$5,133,479
Administration as Percent expenditures	16.40%	22.13%	27.38%
Purchased services expenditures	\$7,740,032	\$8,397,223	\$8,023,542

RSA-2 Expenditures	2014	2015	2016
Purchased services as a Percent expenditures	42.32%	44.46%	42.79%
Services to groups	-	-	-
Services to groups percentage	0.00%	0.00%	0.00%

*Expenditures for RSA-2 data represent current FFY expenditures and carryover from prior FFY. Therefore, these figures may differ from the expenditures in Tables 6.1, 6.2, and 6.3 which are from SF-425 reports.

APPENDIX B: DOCUMENTATION REVIEW RESULTS

Data Element	Number with required documentation	Number without required documentation	Percent with required documentation	Percent without required documentation
Date of Application	25	5	83.3%	16.7%
Date of Eligibility Determination	29	1	96.7%	3.3%
Date of IPE	28	2	93.3%	6.7%
Start Date of Employment in Primary Occupation at Exit or Closure	30	0	100%	0%
Weekly Earnings at Exit or Closure	30	0	100%	0%
Employment Status at Exit or Closure	30	0	100%	0%
Type of Exit or Closure	30	0	100%	0%
Date of Exit or Closure	30	0	100%	0%

Summary	Number (of 30)	Percent (of 30)
Files with all required documentation	14	46.7%
Files with documentation missing for two or more data elements	2	6.7%
Files with no required documentation	0	0%

APPENDIX C: AGENCY RESPONSE

A. Overview

This appendix contains DVR's responses to recommendations and corrective actions identified in the monitoring, along with DVR's requests for technical assistance to address them, and RSA's responses, as appropriate.

For corrective actions to improve program and fiscal performance, as well as to improve administration of the VR program, DVR must develop a corrective action plan for RSA's review and approval that includes specific steps the agency will take to complete each corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the corrective action has been resolved. RSA anticipates that the corrective action plan can be developed and submitted online using the RSA website at rsa.ed.gov within 45 days from the issuance of this report. RSA is available to provide technical assistance to enable DVR to develop the plan and undertake the corrective actions.

For recommendations to improve program and fiscal performance as well as to improve administration of the VR program, DVR will report to the review team, on a quarterly basis, progress on the implementation of recommendations.

B. Agency Responses

Recommendations

2.1 Attrition

- 2.1.1 Conduct surveys of individuals who exit the VR program after eligibility is determined but before IPEs are developed to determine the reasons why these individuals are withdrawing from the program;
- 2.1.2 Based on the information obtained through this survey, develop goals with measurable targets to decrease the number of individuals exiting the VR program at this stage of the process and strategies to achieve these goals;
- 2.1.3 Ensure VR counselors are engaging individuals who may be seeking minimum-wage jobs to assist them with VR services while they are employed to achieve career-focused goals for employment that maximizes the individual's potential, consistent with his or her interests, abilities, capabilities, and informed choice; and
- 2.1.4 Assess barriers and challenges to timely IPE development and provide staff training to address barriers.

Agency Response:

As we mentioned when RSA was here, consumers exiting/withdrawing from the Maine VR program before completion is a trend that we have been tracking and targeting in several different ways over the past three years. Many of the interventions that we have implemented over the past two years are indicating improvements in this area in that we show a decrease of over 1,000 people exiting the VR program early comparing 2016 to 2017 data. Maine DVR is in the process of completing our 2018 Needs Assessment which includes an updated satisfaction survey with recently closed and currently open consumers. Maine DVR agrees with RSA that it is important to make targeted goals each year to continue to use monthly data to track and discuss how we are doing in meeting our goals with administration, managers and front line staff. Maine DVR only supports individuals in seeking employment that pays minimum wage or higher and data shows that average wages for individuals we serve has steadily increased. We agree with RSA that counselors should be helping individuals to make and achieve career-focused goals, and believe that our significant increase in services provided noted in Table 3.3 in supporting individuals in four year university programs and Junior or community college training bears this out. Specifically, the percentage for four year college supports increased from 1.9 percent in FFY 2015 to 7.8 percent in FFY 2016, which was 1.6 percent greater than the national average for FFY 2016. The percentage for community college increased from 2.4 percent in FFY 2015 to 3.6 percent in FFY 2016.

As also noted by RSA in this report, Maine DVR has made significant strides in moving people into plans more quickly. For example, the average time to plan in Maine for people we were serving has decreased in the past year from an average of 129 days to plan at the end of FFY 16 to an average of 92 days to plan at the end of FFY 17. As of January, 2018, we are moving people into plan an average of 76 days. We have provided considerable training for staff and track this progress continuously by sharing monthly data reports with managers, supervisors and front line staff. Maine DVR will continue to do this until we meet our goals of moving everyone into a plan by at least 90 days if not sooner.

Technical Assistance: Maine DVR does not request any technical assistance from RSA at this time.

2.2 Employment Outcomes

2.2.1 Monitor performance related to employment outcomes to ensure that both the numbers and percentages stabilize after the case service record clean-up efforts in FFY 2016 and do not, in fact, indicate a downward trend.

Agency Response:

Maine DVR will continue to monitor performance related to employment outcomes.

Technical Assistance: Maine DVR does not request any technical assistance from RSA at this time.

2.3 Accuracy and Consistency of Reported Data

- 2.3.1 Identify the factors or practices leading to incorrect/inconsistent dates of application and IPE;
- 2.3.2 Update procedures and internal controls to ensure accurate data entry for dates of application and IPE; and
- 2.3.3 Develop a monitoring process to ensure ongoing accuracy for dates of application and IPE; and
- 2.3.4 Develop a process to override case management automatic population of dates.

Agency Response:

Maine DVR agrees with this observation and is addressing it. For example we are increasing remote access to our case management system by providing Hot spots for staff to use in the field when the internet is unavailable. This allows staff to input applications into the system as they are meeting with consumers. We are unable to remove the default that auto-fills the date of entry in the case management system at this time, so we will need to provide additional training for staff to make sure that staff review the date and change it to reflect the actual date the application was received and IPE written. From there it will be monitored through case reviews. No technical assistance is requested from RSA. We will identify this as a possible future enhancement to our case management vendor.

Technical Assistance: Maine DVR does not request any technical assistance from RSA at this time.

3.1 Individuals under the Age of 25 Exiting the VR System

- 3.1.1 Conduct surveys of individuals under the age of 25 at exit who exited the VR system as applicants; after eligibility, but before an IPE; after an IPE was developed, before services were provided to determine the factors or reasons why these individuals under the age of 25 at exit withdrew from the VR program;
- 3.1.2 Identify the factors causing the delay in the development of the IPE and whether these delays are contributing significantly to the number of individuals under the age of 25 at exit who exited the VR process prior to IPE development; and
- 3.1.3 Based on the information obtained through the survey and analysis, develop goals with measureable targets to decrease the number of individuals under the age of 25 who exit as applicants, or at exit who exited the VR program during various stages of the VR process, and strategies to achieve these goals.

Agency Response:

As we mentioned when RSA was here, individuals under the age of 25 exiting/withdrawing from the Maine VR program before completion is a trend that we have been tracking and targeting in several different ways over the past three years. Transition age early exiters are trending down.

For example, in Quarter 1 FFY 17 there were 305 early exiters under age 25 but in Quarter 1 of FFY 2018, that number has decreased to 274.

Maine DVR is in the process of completing our 2018 Needs Assessment which includes an updated satisfaction survey with recently closed and currently open consumers with data collected and broken out by the age of the consumer. Maine DVR agrees with RSA that it is important to make targeted goals each year and to continue to use monthly data to track and discuss how we are doing in meeting our goals with administration; managers and front line staff and we will continue to do so.

In spring 2017, Maine DVR conducted a survey of recently closed individuals under the age of 25. That research revealed that among respondents, a sizeable percentage was in fact employed. The survey also highlighted barriers such as geographic distance and transportation as reasons for exit from VR services. Maine DVR will use the survey findings as a foundation for further study and in making program and service changes.

Another reason we have determined that individuals under the age of 25 have been exiting early from VR is the challenge of moving young people into plans quickly. As noted earlier, Maine DVR has made significant strides in moving people into plans more quickly, including this population. For example, the statewide average time to plan in Maine for people we were serving under the age of 25 has decreased from 143.3 days in December 2016 to 77.2 days in December 2017. We have provided considerable training for staff about the importance of determining eligibility and moving people into plans as quickly as possible, with the goal of getting and keeping individuals engaged with the VR process which is one of the reasons for early exit noted in several research studies (Ipsen, and Goe, 2013). We will continue to track this progress continuously by sharing monthly data reports with managers, supervisors and front line staff. Maine DVR will continue to do this until we meet our goals of moving everyone into a plan by at least 90 days, if not sooner, for all individuals we serve.

Maine DVR sees a connection between the provision of Pre-Employment Transition Services and future reduction in early exiters for this population. Maine DVR is also piloting a number of proven initiatives such as Vermont's Progressive Employment dual-customer model, Goodwill's Work Readiness Bootcamp and increased Summer Work Experiences to better engage and retain clients under the age of 25. Maine DVR continues to work closely with the Maine DOE to coordinate outreach and services and is in the final stages of updating its Memorandum of Understanding with them.

Technical Assistance: Maine DVR does not request any technical assistance from RSA at this time.

3.2 Employment Outcomes

3.2.1 Develop measurable goals and strategies to improve the agency's employment rate for individuals under the age of 25; and

- 3.2.2 Consider ways to increase benefits counseling and financial planning for individuals under the age of 25 and their families or representatives.

Agency Response:

The Maine Department of Education in Partnership with Maine DOL Implemented Year two of the Work and Benefit Navigator training, reaching an additional 100 people to provide information, resources, and technical support. These day-long sessions provide necessary information for professionals, families, and agency staff to be able to challenge the myths that arise around work and benefits. Maine Medical Center, Vocational Services in conjunction with the Departments held six sessions throughout the State and continues to provide technical support to the 200-plus people who have participated. Additionally, a new advanced training for Employment Professionals on Work and Benefit Navigation will occur in April 2018. In addition DVR's transition VRCs get training at least annually from Community Work Incentive Coordinators.

Technical Assistance: Maine DVR does not request any technical assistance from RSA at this time.

3.3 Outcomes by Disability Type

- 3.3.1 Develop and implement outreach plans and methods to improve service delivery to individuals with intellectual and learning disabilities and those with psychosocial or psychological disabilities under the age of 25, which will lead to more success in achieving employment outcomes and improve the employment rate for these individuals;
- 3.3.2 Develop and implement a plan to enhance VR counselor skills to assist individuals with Intellectual and learning disabilities, and those with psychological or psychosocial disabilities; and
- 3.3.3 Identify and assess barriers and challenges to achieving employment for all individuals under the age of 25 served, and develop strategies to improve the employment rate for all populations served.

Agency Response:

Maine DVR agrees that it is important to improve outcomes for individuals with intellectual and learning disabilities under the age of 25. Maine DVR believes that some of the newer initiatives that we have been undertaking in the past two years, in part due to the new requirements under the Workforce Innovation and Opportunity Act (WIOA) will lead to employment outcomes for this demographic. Some of these initiatives include those outlined in the overview of our transition program: Progressive Employment, our Transition Work-Based Learning Initiative, the work we continue to do with our partners at DHHS, Office of Aging and Disability Services and the use of waiver services to provide employment work supports for this population. As we have been doing, we will continue to set specific goals and measure our progress with those goals with our VR counselors, supervisors and managers.

Technical Assistance: Maine DVR does not request any technical assistance from RSA at this time.

3.4 VR Services Provided to Individuals under the Age of 25 at Exit

- 3.4.1 Given the focus on credential attainment in the WIOA performance measures, DVR should continue to increase the provision of university training at both the undergraduate and graduate levels, as appropriate, and in keeping with the emphasis on career advancement and STEM careers; and
- 3.4.2 DVR should assess the reasons for the decline in the provision of junior or community college training, occupational or vocational training, and on-the-job training and develop strategies to improve performance in these areas, particularly in those programs that will lead to credential attainment.

Agency Response:

The following was noted previously in this monitoring report. “The RSA review team found that the percentage of individuals exiting DVR into employment in professional and technical fields equals or slightly exceeds the national general agency performance, with Management Occupations, Healthcare Practitioners and Technical Occupations exceeding the national performance for general agencies by at least two percent, reflecting positively on the quality of employment outcomes achieved by individuals exiting DVR.” In addition, as noted above we do agree with RSA that counselors should be helping individuals to make and achieve career-focused goals, and believe that our significant increase in services provided noted in Table 3.3.a in supporting individuals in four year university programs and Junior or community college training bears this out. Specifically, the percentage for four year college supports increased from 1.9 percent in FFY 2015 to 7.8 percent in FFY 2016 which was above the national average by 1.6 percent in FFY 2016. The percentage for community college increased from 2.4 percent in FFY 2015 to 3.6 percent in FFY 2016. We will continue to monitor that this same progress we have made for those individuals overall, is seen in those under age 25.

RSA Response: RSA maintains its recommendation 3.4.2.

Technical Assistance: Maine DVR does not request any technical assistance from RSA at this time.

4.1 Inaccurately Reported Supported Employment Performance Data

- 4.1.1 Reevaluate and revise internal processes to ensure supported employment services and supported employment outcomes are implemented and reported correctly;
- 4.1.2 Review and revise reporting and coding instructions for identifying individuals in receipt of extended services, ongoing support services and supported employment services consistent with 34 CFR §361.5(c)(19) and (37), and §361.54;
- 4.1.3 Identify the factors related to incorrect reporting of services and outcomes for individuals in need of and receiving supported employment services;

- 4.1.4 Develop and implement changes to address incorrect reporting of supported employment services and supported employment outcomes for individuals with the most significant disabilities; and
- 4.1.5 Implement internal controls that ensure accurate and complete data collection and reporting as well as financial accountability.

Agency Response:

Maine DVR appears to have been coding the closures incorrectly in supported employment once the new requirements took effect. When individuals are closed with long term supports, they should be closed as “Supported employment in Competitive Integrated Employment.” As we explained when RSA was here, we recognize that there are individuals with significant disabilities who may require long term or supported employment supports in order to maintain their job. We are fortunate in this state to have a close working relationship with our Department of Health and Human Services, Office of Aging and Disability Service and the Substance Abuse and Mental Health Services Programs. These programs have services under Medicaid waiver which cover some costs of work supports which help prepare consumers for work with significant disabilities, such as those with intellectual and developmental disabilities and severe and persistent mental illness.

Given the possibility that the very small Supported Employment award from RSA will no longer be received, DVR will plan to change and train on the reporting requirements through 2018. In addition, we will continue to work closely with our partner agencies so that employment outcomes improve overall for the population that this Supported Employment award was intended to serve – those with significant disabilities.

RSA Response: At the time of the issuance of this report, Supported Employment Federal funding was included in the final budget for FFY 2018, and DVR will continue to receive this award.

Technical Assistance: Maine DVR does not request any technical assistance from RSA at this time.

Corrective Actions to Improve Performance

2.1 Untimely Eligibility Determination

- 2.1.1 Comply with 34 CFR §361.41(b)(1) by making eligibility determinations within the required 60-day period;
- 2.1.2 Fully assess and identify the factors leading to eligibility determinations exceeding 60 days (e.g. effective and efficient management of vacant caseloads) and develop and implement a plan to address and correct the identified factors;
- 2.1.3 Develop and implement internal controls, including a monitoring component, to ensure eligibility determination requirements are met; and

- 2.1.4 Substantially meet the 60-day eligibility determination requirement by reducing the time required for an eligibility determination to 60 days or less, or when appropriate, ensure a properly documented and approved eligibility determination extension is in place.

Agency Response:

Maine DVR agrees with this finding. We have implemented many internal controls and monitoring activities, resulting in an improvement in meeting this goal. We will continue to do so in order to meet this goal and develop a corrective action plan to address this finding.

Technical Assistance: Maine DVR does not request any technical assistance from RSA at this time.

2.2 Untimely Development of the IPE

- 2.2.1 Comply with 34 CFR §361.45(a)(1) and (e) to ensure IPEs are developed within the 90-day Federal time frame from date of application;
- 2.2.2 Assess factors leading to untimely IPE development and develop and implement a plan to address these factors;
- 2.2.3 Evaluate current procedures for tracking and monitoring counselor performance and efficient practices used by high performing VR counselors and supervisors to ensure timely IPE development, including the development of internal control processes, use of case management tools, and supervisory review of, timely IPE development; and
- 2.2.4 Develop goals and strategies to improve VR counselor performance specific to timely IPE development.

Agency Response:

As also noted by RSA in this report, which is appreciated, Maine DVR has made significant strides in moving people into plans more quickly. For example, the average time to plan in Maine for people we were serving has decreased in the past year from an average of 129 days to plan at the end of FFY 16 to an average of 92 days to plan at the end of FFY 17. As of January, 2018, we are moving people into plan in an average of 76 days. We have provided considerable training for staff and track this progress continuously by sharing monthly data reports with managers, supervisors and front line staff. Maine DVR will continue to do this until we meet our goals of moving everyone into a plan by at least 90 days if not sooner. As was reported when RSA was here, Maine DVR already does the items listed above for recommendations. We will include this in our corrective action plan to RSA.

Technical Assistance: Maine DVR does not request any technical assistance from RSA at this time.

5.1 Insufficient Internal Controls – Assignment of VR Obligations and Expenditures to the Correct Federal Award

- 5.1.1 Revise its financial data collection and analysis process so that DVR can:

- a) Ensure all Federal and non-Federal obligations (including administrative contracts and contracts maintained in the case management system) are properly accounted for and obligated to the correct FFY award in the agency's financial management system;
 - b) Account for all expenditures and accurately liquidate Federal and non-Federal expenditures from the correct FFY award based upon the correct assignment of obligations;
 - c) Ensure all reclassified expenditures are assigned to the correct FFY award based upon the date in which the obligation was incurred; and
 - d) Process Federal refunds to the appropriate Federal award based upon the FFY in which the obligation was incurred;
- 5.1.2 Update and implement policies and procedures to accurately account for and report Federal and non-Federal obligations and expenditures to the correct period of performance. These policies must address:
- a) The assignment of obligated Federal and non-Federal funds to the appropriate FFY award and the liquidation of such funds based upon the assignment of obligation;
 - b) The reclassification of expenditures to ensure all expenditures meet the requirements of the Federal award and are appropriately accounted for based upon the FFY in which the obligation was incurred;
 - c) The obligation of contracts in the financial management system to ensure liquidations are based upon the FFY in which the contracts were obligated; and
 - d) The refund process to ensure funds are credited to the appropriate Federal award based upon when the obligation was incurred; and
- 5.1.3 Develop and implement a written internal control process, as required in 2 CFR §200.303, including a monitoring component, that ensures sustained compliance with and correction of the specific areas identified in 5.1.1 and 5.1.2.

Agency Response:

The majority of the fiscal findings are related to a different interpretation of a specific program regulation related to dates. The agency has been following the Uniform Guidance's regulations about the Period of Performance in that the service was performed within the Period of Performance listed on the Grant Award Notice. The agency consistently has been determining the appropriate grant award based on the date the service was provided. The agency believes that this interpretation is not wrong. This methodology is the standard operating procedure for the majority of the other federal grants (such as those from US Department of Transportation, US Department of Labor, US Department of Justice) serviced by the Security and Employment Service Center. RSA has informed the agency that the Department of Education's regulation of the date of the obligation supersedes the Uniform Guidance regulation.

The agency has been using the obligation date for all but case management services since the RSA review in April 2017.

The agency will be seeking detailed technical assistance to ensure that the many types of obligations are handled appropriately. For example, if the state enters into a Master Agreement with a vendor to supply paper and office supplies as needed in 2016 for a four-year term and

DVR orders paper in 2016, 2017 and 2018. Are these expenditures truly a federal program year 2016 obligation only?

Another example is the CRP contracts. According to 34 CFR 361.46(a)(5), “Include a description of the entity or entities chosen by the eligible individual...”; the VR program allows the VR client to choose the CRP provider to obtain the services authorized. Why is the potential for services an obligation, when the VR program cannot obligate the client to use that CRP provider? 34 CFR §76.707 states the obligation is made on the date on which the State makes a “BINDING written commitment to obtain the services.” The date the contract is signed in the case of the CRP contracts simply indicates the price that will be paid IF the VR client chooses that CRP provider. There is no commitment that the CRP provider will provide any services. The CRP contracts are not currently obligated in the agency’s financial system because of differences between the case management system and the accounting system. The agency has been working on this issue for at least two years. In accordance with EDGAR at 34 CFR §76.707(c), and the State of Maine’s purchasing policies, contracts are considered obligated when they are signed and approved by the procurement office. Some contracts are encumbered in the accounting system and other contracts are not encumbered. While the agency ensures that the contracts are signed, the agency records the obligations in the appropriate financial system, however, the batch interface process used between the accounting system and the case management system do not yet have the capability to link each payment to the contract.

- a) The agency will work with the procurement office to develop a master agreement type of document for CRP provided services as the possibility of providing services is not the same as a binding commitment to obtain services.
- b) The agency submitted revised policies and procedures to RSA in August 2017 to document the process now in place to determine the obligation date for various types of services. We have not had a response yet, however, the agency has implemented those new procedures and the obligation date is being used to determine the appropriate award period.
- c) Again, the agency has been consistently using the date of service when reclassifying expenditures. A vast majority of these reclassification transactions are a direct result of the new WIOA related regulations that were implemented before the final rules were clarified. Maine waited for additional guidance on what constituted a Pre-Employment Transition Service to ensure accuracy and consistency in recorded data. Maine made every effort to be in compliance with the regulations. As the agency is now following the new process for using the obligation date, the reclassifications will be appropriate.
- d) Federal refunds are being credited to the grant award that paid the original expenditure if that grant is still open. Otherwise the refund is credited to the current grant award as the State doesn’t have an approved mechanism to credit the federal Treasury without processing a paper check. As the refunds are not large dollar amounts, it is not efficient nor logical to open closed grants in the accounting system, request a refund to the federal government, process a refund to the federal government, revise the federal expenditure report, submit the revised federal expenditure report to RSA, and have RSA review the revised federal expenditure report for a \$10 refund. We have been advised the regulations related to refunds do not have a minimum dollar amount. Perhaps RSA could submit a request to have those regulations changed. The refunds not able to be credited to the grant year that originally paid

the cost are de minimus and are credited back to the current year grant and are spent on allowable activities. Requiring a de minimus refund to be returned to the federal government AND revising all the related reports is a low value, burdensome activity. The funds are being spent in the manner for which they were awarded.

5.1.2 -

- a) The agency submitted revised policies and procedures to RSA in August 2017 to document the process now in place to determine the obligation date for various types of services. We have not had a response yet, however, the agency has implemented those new procedures and the obligation date is being used to determine the appropriate award period.
- b) Again, the agency has been consistently using the date of service when reclassifying expenditures. As the agency is now following the new process for using the obligation date, the reclassifications will be appropriate.
- c) The agency submitted revised policies and procedures to RSA in August 2017 to document the process now in place to determine the obligation date for various types of services. We have not had a response yet, however, the agency has implemented those new procedures and the obligation date is being used to determine the appropriate award period.
- d) The current process is documented.

5.1.3 – We will develop and implement a written internal control process, as required in 2 CFR §200.303, including a monitoring component, that ensures sustained compliance with the specific areas identified in 5.1.1 and 5.1.2.

RSA Response:

As a recipient of Federal grant award funds, the agency has provided an assurance in the State plan that they will comply with the Federal grant award requirements, and all terms and conditions associated with the award. The requirements specified in this finding represent Federal requirements for all VR grantees in accordance with the Uniform Administrative requirements, EDGAR, and the Rehabilitation Act. Agencies are responsible for ensuring all requirements are met as part of the acceptance of Federal funds.

RSA disagrees with the agency's assertion that following Federal requirements is subject to interpretation depending on the level of effort necessary to meet those requirements.

As part of the agency's corrective action plan, updated policies and procedures will be required to ensure that deficiencies identified in the monitoring report are addressed. Once the corrective action plan is developed, RSA will work with the agency to determine if updated processes result in meeting Federal requirements and ongoing compliance. Additionally, RSA will work with the agency during the course of the corrective action plan to address the questions in their response.

As the agency has not submitted additional documentation demonstrating the findings are incorrect or inaccurate, the finding and required corrective action items remain unchanged.

Technical Assistance: TA is requested as outlined in the agency response above

5.2 Insufficient Internal controls - Procurement Process

- 5.2.1 Procure services in a manner consistent with State procurement policies and ensure that VR and Supported Employment program funds are used only for allowable program activities;
- 5.2.2 Revise current contracts and implement internal controls necessary to ensure future contracts:
 - a) Include language necessary to ensure that VR and Supported Employment program funds are used only for allowable activities;
 - b) Require that contractor invoices submitted to the agency identify whether the services being billed are for allowable VR or supported employment services;
 - c) Include the required contract monitoring criteria pursuant to the agency's monitoring procedures;
 - d) Provide for appropriate cost allocation and ensure costs are proportional to the benefit received by the VR and Supported Employment programs; and
 - e) Are consistent with Federal and State requirements, including the State's procurement policies; and
- 5.2.3 Develop and implement internal controls to ensure monitoring of contractors and vendors, as required by 2 CFR §200.328.

Agency Response:

- 5.2.1 The agency believes that procurement was in compliance with State procurement policies as the required waivers were completed and approved by the procurement division. RSA's basis for non-compliance is that the Procurement Office did not update their policies. The agency does not understand why the agency is being held responsible for actions over which the agency has no authority.
- 5.2.2 Internal controls will be implemented to ensure:
 - a) contract language contains the necessary components
 - b) contractor invoices clearly identify the costs related to the allowable services provided
 - c) monitoring criteria will be included
 - d) since it appears that the Supported Employment program is being consolidated into the VR program, this particular step may not be needed.
 - e) the contract templates in use are provided by the procurement division and the contracts themselves are reviewed and approved by the procurement division.
- 5.2.3 Internal controls will be implemented to monitor contractors in accordance with the Uniform Guidance.

RSA Response:

Agencies are responsible for ensuring they are following their State policies and procedures for procurement. As the agency did not provide sufficient additional documentation to refute the finding, the finding and required corrective action items remain.

Additionally, at the time of the issuance of this report, the Federal Supported Employment grant award was included in the final budget for FFY 2018; the required corrective action items specific to the Supported Employment award also remain.

Technical Assistance: The agency does not request technical assistance from RSA at this time.

5.3 Inaccurate Financial Reporting

- 5.3.1 Update and implement policies and procedures to accurately report Federal and non-Federal expenditures and obligations to the correct Federal award;
- 5.3.2 Revise and resubmit the SF-425 reports for FFYs 2015 and 2016 to accurately report Federal and non-Federal expenditures and obligations; and
- 5.3.3 Develop and implement a written internal control process, including a monitoring component, to ensure ongoing compliance with Federal reporting requirements.

Agency Response:

As stated above, the majority of the fiscal findings are related to a different interpretation of a specific program regulation. The agency has been following the Uniform Guidance's regulations related to the Performance Period and determining the appropriate grant award based on the date the service was provided. RSA has informed us that the Department of Education's regulation of the date of the obligation supersedes the Uniform Guidance regulation.

- 5.3.1 The agency consistently used the date of service to record the expenditures. The policy has been updated. The procedures are in place and operating effectively. The standard to follow is the Uniform Guidance 2 CFR §200.62 which states in part that the agency has reasonable assurance that the objectives are met.

The agency records and accounts for transactions in accordance to the agency's interpretation that the date of service holds more significance than the date of obligation.

- 5.3.2 The Federal reports are prepared using the data recorded using the date of service. To revise and resubmit the SF-425 reports for FFY2015 and FFY 2016 would be a mammoth manual undertaking. A manual process is inherently more risky than an automated process. This process would be extremely cumbersome using extensive staff resources with no guarantee that the results would be more accurate. We would need to review tens of thousands of records INDIVIDUALLY to determine an obligation date which is not a data field in the accounting system for most of the transactions. Determining the authorization date in the case management system may even require reviewing case notes on an individual basis, the results would depend on the accuracy of the case notes. As the agency believes that the reports are materially correct, the recommendation to revise the reports is not a reasonable recommendation. Government, at both the federal level and the state level, does not change quickly. We would respectfully ask that this corrective action be revised to require that transactions for the current FFY2018 transactions and going forward are reporting using the obligation date

basis. The reports filed to date have consistently used the same basis (date of service) and moving to a different basis requires time to implement the process effectively and efficiently.

- 5.3.3 The agency has a current internal control process to prepare and review the federal financial reports. RSA only identified one error in the federal reports, so the control process appears to be working effectively.

RSA Response:

As mentioned previously, with the recipient of Federal grant award funds, the agency has provided an assurance in the State plan that it will comply with the Federal grant award requirements, and all terms and conditions associated with the award. Agencies are responsible for ensuring all requirements are met as part of the acceptance of Federal funds.

As part of the agency's corrective action plan, updated policies and procedures will be required to ensure that deficiencies identified in the monitoring report are addressed. Once the corrective action plan is developed, RSA will work with the agency to determine if updated processes result in meeting Federal requirements and ongoing compliance. Additionally, RSA recognizes the time and effort necessary to make the required adjustments and will work with the agency during the course of the corrective action plan, including providing technical assistance as necessary, to ensure all steps required in the corrective action items are addressed.

The finding and the required corrective action items remain unchanged.

Technical Assistance: No technical assistance requested from RSA at this time

5.4 Incorrect Assignment of Personnel Costs to the VR Program

- 5.4.1 Cease using VR funds to pay for personnel costs that must be allocated to other cost objectives;
- 5.4.2 Revise and implement policies and procedures to correctly assign personnel costs, including fringe benefits, to the correct cost objectives;
- 5.4.3 Revise SF-425 reports to reflect accurate expenditures and ensure accurate reporting of personnel costs in future submissions; and
- 5.4.4 Develop and implement a written internal control process, including a monitoring component, to ensure ongoing compliance with personnel cost allocation requirements.

Agency Response:

- 5.4.1 The agency allocates personnel costs to the appropriate cost objectives.
- 5.4.2 The agency assigns personnel costs and fringe benefits to the correct cost objectives.
- 5.4.3 As stated above in Section 5.3.2, the SF-425 report revisions would be a mammoth manual undertaking. In addition, the agency believes that personnel costs are reported accurately on the SF-425 reports.

5.4.4 The State is currently developing a new time and attendance timesheet system to be implemented the fall of 2018. Internal control processes will be revised at that time.

RSA Response:

As part of the agency's corrective action plan, timely updated policies and procedures will be required to ensure that deficiencies identified in the monitoring report are addressed. Once the corrective action plan is developed, RSA will work with the agency to determine if updated processes result in meeting Federal requirements and ongoing compliance.

As the agency has not submitted additional documentation demonstrating the findings are incorrect or inaccurate, the finding and required corrective action items remain unchanged.

Technical Assistance: No technical assistance requested from RSA at this time.

5.5 Prior Approval Requirements Not Met

5.5.1 Develop and implement policies and procedures, as well as a written internal control process, including a monitoring component, to ensure ongoing compliance with the prior approval requirements.

Agency Response:

The agency has developed a Prior Approval policy and has already implemented that procedure. Maine DVR will provide the process and forms we use in our corrective action plan.

RSA Response:

As part of the agency's corrective action plan, in addition to updated policies and procedures, RSA will work with the agency to determine if deficiencies identified in the monitoring report are addressed in the updated policies and if the processes result in meeting Federal requirements and ongoing compliance.

The finding and the required corrective action items remain unchanged.

Technical Assistance: No technical assistance requested from RSA at this time.

5.6 Insufficient Internal Controls – Assignment of Supported Employment Obligations and Expenditures to the Correct Federal Award

- 5.6.1 Cease transferring Federal funds between DVR and DBVI without formally requesting the transfer from RSA;
- 5.6.2 Revise and implement policies and procedures to accurately report Federal and non-Federal expenditures and obligations to the correct Federal award;
- 5.6.3 Revise and resubmit the SF-425 reports for FFYs 2015 and 2016 to accurately report Federal and non-Federal expenditures and obligations; and

- 5.6.4 Develop and implement a written internal control processes, including a monitoring component, to ensure ongoing compliance with Federal reporting requirements.

Agency Response:

Federal program requirements that were implemented without sufficient time for states to prepare was the main cause of the Supported Employment finding.

- 5.6.1 The agency has formally requested a transfer of Federal Supported Employment funds for the FFY 2017 funds. As both Supported Employment grants received by the State have the same CFDA number, it was believed that the funds could be switched between the two programs.
- 5.6.2 The policies are in place and procedures have been modified to extract the required data from the case management system.
- 5.6.3 As stated above, the case management system does not record the data necessary to complete revised reports. The new regulations requiring a 50 percent match for a certain category of client expenditures were implemented without sufficient time to re-program the case management system to include the necessary data fields.
- 5.6.4 As the FFY 2018 Supported Employment grants have not yet been awarded, ongoing compliance may be a moot point.

RSA Response:

As mentioned previously, with the recipient of Federal grant award funds, the agency has provided an assurance in the State Plan that they will comply with the Federal grant award requirements, and all terms and conditions associated with the award. Agencies are responsible for ensuring all requirements are met as part of the acceptance of Federal funds.

As part of the agency's corrective action plan, in addition to updated policies and procedures, RSA will work with the agency to determine if deficiencies identified in the monitoring report are addressed in the updated policies and if the processes result in meeting Federal requirements and ongoing compliance.

Additionally, at the time of the issuance of this report, the Federal Supported Employment grant award was included in the final budget for FFY 2018; the finding and the required corrective action items remain unchanged.

Technical Assistance: No technical assistance requested from RSA at this time.