

**FEDERAL FISCAL YEAR 2019
MONITORING REPORT
ON THE
MINNESOTA STATE SERVICES FOR THE
BLIND
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: THE SCOPE OF THE REVIEW

A. Background

Section 107 of the Rehabilitation Act of 1973 (Rehabilitation 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 Rehabilitation Act to determine whether a vocational rehabilitation (VR) agency is complying substantially with the provisions of its State Plan under Section 101 of the Rehabilitation Act and with the evaluation standards and performance indicators established under Section 106 of the Rehabilitation Act 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 Rehabilitation Act.

Through its monitoring of the State Vocational Rehabilitation Services program (VR program) and the State Supported Employment Services program (Supported Employment program) administered by Minnesota State Services for the Blind (SSB) in Federal fiscal year (FFY) 2019, 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, including those with significant and most significant disabilities;
- Identified strategies and corrective actions to improve program and fiscal performance related to the following focus areas:
 - Performance of the State Vocational Rehabilitation Services and State Supported Employment Services Programs;
 - Pre-Employment Transition Services for Students with Disabilities;
 - Financial Management of the State Vocational Rehabilitation Services and State Supported Employment Services Programs; and
 - Joint Workforce Innovation and Opportunity Act Final Rule Implementation.

In addition, RSA reviewed a sample of individual service records to assess internal controls for the accuracy and validity of Case Service Report (RSA-911) data and service records to assess measurable skill gains.

The nature and scope of this review and the process by which RSA carried out its monitoring activities, including the conduct of an on-site visit from June 10 through 14, 2019, is described in detail in the State Vocational Rehabilitation Services and State Supported Employment Services Programs Federal Fiscal Year 2019 Monitoring and Technical Assistance Guide.

B. Review Team Participants

Members of the RSA review team included Jim Doyle, Shannon Moler, and Jessica Davis (Vocational Rehabilitation Program Unit); Craig McManus (Fiscal Unit); Jason Hunter (Technical Assistance 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.

C. Acknowledgements

RSA wishes to express appreciation to the representatives of SSB 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 Client Assistance Program, advocates, and other stakeholders in the monitoring process.

SECTION 2: FOCUS AREA – PERFORMANCE OF THE STATE VOCATIONAL REHABILITATION SERVICES AND STATE SUPPORTED EMPLOYMENT SERVICES PROGRAMS

A. Purpose

Through this focus area, RSA assessed the achievement of employment outcomes, including the quality of those outcomes, by individuals with disabilities served in the VR program through conducting an analysis of VR program data and a review of individual service records. The analysis below, along with any accompanying findings and corrective actions, is based on a review of the programmatic data contained in Appendix A of this report. The data used in the analysis are those collected and reported by the VR agency.

B. Analysis of the Performance of the VR Program

VR Agency Profile

Resources: Appendix A—Tables 1, 2, 3, and 4

During program year (PY) 2017, SSB reported 276 applicants for VR services and 248 individuals with disabilities determined eligible for VR services on the RSA-911 report. In PY 2017, 238 individuals received VR services after developing an approved individualized plan for employment (IPE) and 69 individuals were reported as having an approved IPE but not receiving VR services. Of all the participants who received services in PY 2017, 93.0 percent reported a visual impairment as their primary disability and seven percent reported an auditory or communicative disability.

In PY 2017, 97 participants exited the VR program in competitive integrated employment or supported employment resulting in an employment rate of 47.3 percent. Of the 266 individuals who exited the program in PY 2017, 205 individuals exited after receiving VR services.

Of the 14.1 percent of participants reported as eligible for measurable skill gains, 16.0 percent achieved measurable skill gains on this WIOA performance indicator. Measurable skill gains is discussed in detail under VR services below.

The VR Process

Resources: Appendix A—Tables 1, 2, 4, and 5

Based on the Quarterly Cumulative Caseload Report (RSA-113), the number of individuals who applied for VR services remained fairly consistent across FFYs 2016, 2017, and 2018, increasing from 267 to 276 applicants over the three-year period; however, the number of individuals determined eligible during this period decreased slightly from 300 in FFY 2016 to 283 in FFY 2018. In addition, SSB reported VR services were provided after the development of an IPE to 836 individuals in FFY 2018, which was a slight decrease from FFYs 2016 and 2017 with 854 and 863 individuals, respectively, receiving VR services after an IPE was developed. During the

same period, SSB demonstrated a slight decrease in the percentage of individuals with an IPE who received no services, from 13.3 percent in FFY 2016 to 11.7 percent in FFY 2018.

Of the individuals determined eligible in PY 2017, SSB reported 97.5 percent of the eligibility determinations were made within the 60-day required timeframe. In addition, SSB reported two percent received an eligibility determination extension. Of the IPEs developed in PY 2017, 71.8 percent were developed within the required 90-day time frame from the date of the eligibility determination. SSB reported an increased focus on making timely eligibility determinations within the required 60-day time frame by implementing strategies to ensure the identification of needed documentation from applicants for eligibility determination at the time the referral is received, during orientation, and at the time the intake is conducted to complete the application process. SSB communicated it generally does not face significant barriers obtaining the necessary documentation for applicants to make timely eligibility determinations. However, the agency attributed delays associated with the timely development of IPEs to the uncertainty of an individual's vocational interests or goals when pursuing competitive integrated employment for the first time, and the concerns about the effect employment may have on any benefits the individual may be receiving at the time of application. The agency further indicated that additional time often is required to conduct comprehensive vocational evaluations or for the provision of benefits counseling to allow the individual to make an informed choice.

SSB has implemented an order of selection (OOS) since FFY 2015, which includes four priority categories. During the on-site portion of the review, priority categories three and four remained closed with 34 individuals on a waiting list. According to data reported by SSB on the RSA-113, the number of individuals on a waiting list at the end of the year fluctuated from one to 19 individuals during the three-year period (FFYs 2016 to 2018). SSB indicated it typically opens each of its priority categories during the Federal fiscal year to serve those who have been waiting for VR services before closing one or more of its priority categories again to minimize the number of, and time, eligible individuals remain on a waiting list. SSB reported that it became necessary to implement its OOS and the closure of priority categories three and four due to limited fiscal and personnel resources. SSB communicated it believes its OOS has had little-to-no effect on individuals with visual impairments applying for VR services since the OOS was implemented.

Of the 266 individuals who exited the VR program in PY 2017, 108 individuals, or 40.6 percent, exited without an employment outcome after IPE development and receipt of VR services. In comparison, 97 individuals, or 36.5 percent, exited after an IPE with an employment outcome. SSB also reported 42 individuals, or 15.8 percent, exited after eligibility, but prior to a signed IPE and one individual exited after eligibility from an OOS waiting list. During the review, SSB indicated the agency does not believe those individuals who exited after eligibility but before IPE development did so because of the OOS or any delay, but did so primarily because of the individual's lack of interest in pursuing competitive integrated employment and choosing to remain in a nonintegrated work setting. This matter is discussed further in the technical assistance section in this section.

Of the 169 individuals who exited the VR process without an employment outcome, the two most common reasons cited were reported as "no longer interested in receiving services or

further services” (27.1 percent) and “unable to locate or contact” (17.7 percent), accounting for 44.8 percent collectively. SSB attributed these individuals’ exit to multiple reasons such as a misunderstanding of the purpose of the VR program, its focus on achieving competitive integrated employment, and the responsibilities of participants in achieving their employment goal. In addition, SSB shared its belief that some individuals, after being provided the opportunity to pursue competitive integrated employment, may choose to continue to receive services and benefits from other programs, such as nonintegrated employment or day programs. SSB also noted that it serves a high number of Somalian refugees across the State who move or may be difficult to locate. RSA recommended a more thorough orientation process that provides clarification about the VR process, its goal of competitive integrated employment, and the expectation that individuals interested in receiving VR services do so at the earliest point possible. In addition, it was recommended that information and referral services, along with benefits counseling, become available throughout the VR process. SSB should ensure that applicants and eligible individuals understand their options to pursue VR services and that informed choice is provided throughout the VR process.

SSB reported 16 individuals (6.0 percent) whose cases were closed for reasons attributed to “ineligible after determined eligible” were because they chose not to pursue competitive integrated employment, rather opting to work in nonintegrated settings or continue with day habilitation programs. In addition, 11 applicants (4.1 percent) were determined ineligible for VR services because they did not have a disability or one that met SSB’s disability criteria for blindness or visual impairment. SSB verified that none of these individuals were determined ineligible due to the individual’s disability being considered too significant to benefit from VR services.

VR Services

Resources: Appendix A—Tables 1, 6, 7, and 11

In PY 2017, SSB reported providing VR services to 846 participants. Of those who received VR services, SSB reported 24 participants (2.8 percent) received graduate degree training, 63 participants (7.4 percent) received bachelor’s degree training, 29 participants (3.4 percent) received junior or community college training, and 8 participants (0.9 percent) received occupational or vocational training. In addition, SSB reported 13 participants (1.5 percent) received on-the-job training, and no participants were reported as receiving apprenticeship training.

Of the 846 participants who received VR services during PY 2017, SSB reported 14.1 percent, or 119 participants eligible for measurable skill gains, or participants reported as enrolled in a recognized postsecondary education program or training. Further, SSB reported 19 participants, or 16.0 percent of those reported as eligible for measurable skill gains, achieved a total of 31 measurable skill gains.

RSA discussed discrepancies noted in data reported by SSB, demonstrated by the underreported number and percentage of participants reported as being eligible for and who earned measurable skill gains for PY 2017. As previously described, SSB reported a total of 137 participants, collectively, were engaged in a postsecondary education or training program or on-the-job

training but reported 119 participants (14.1 percent) eligible for measurable skill gains. Of the 116 participants who collectively participated in graduate training, bachelor's degree training, and junior or community college in PY 2017, SSB reported 11 participants earned measurable skill gains related to a postsecondary transcript or report card. RSA noted some of the participants reported as earning a postsecondary transcript or report card were in secondary education. In addition, of the 21 participants who received occupational or vocational training or on-the-job training in PY 2017, SSB reported three participants earned measurable skill gains for a training milestone and three earned measurable skill gains for skills progression. Finally, SSB reported ten participants earned measurable skill gains for secondary diploma and four participants earned measurable skill gains for educational functional level, while a total of 228 students with disabilities were reported in PY 2017.

Of the 846 individuals who received career services in PY 2017, SSB reported 845 (99.9 percent) received vocational rehabilitation counseling and guidance and 842 individuals (99.5 percent) received information and referral services. In comparison, SSB reported 44 individuals (5.2 percent) received assessment services, ten individuals (1.2 percent) received diagnosis and treatment of impairments, 116 individuals (13.7 percent) received job search assistance, and 65 individuals (7.7 percent) received job placement assistance. Regarding other career services, SSB reported 27.8 percent of individuals received transportation services, 14.3 percent received maintenance services, and 32.5 percent received rehabilitation technology.

SSB attributed the high percentage of VR counseling and guidance and information and referral services as VR services automatically included on all IPEs and reported as being provided through its case management system. RSA recommended against services automatically being reported as provided and discussed the need to document the provision of VR services at the time the service is reported. SSB communicated other services were underreported since the agency did not adequately report all services provided by its staff.

SSB attributed inaccurate reporting for training, career, and other services primarily to the need for staff to learn the appropriate fields in the VR agency's case management system to accurately report services provided, as well as additional reconfiguring of its case management system that needed to be performed during the first few years following its implementation. SSB also identified the need to train its staff on the reporting requirements for the new performance indicators and recent changes to the RSA-911 report.

Quality of Employment Outcomes

Resources: Appendix A—Tables 1, 4, 5, 6, 8, 9, and 10

In PY 2017, SSB reported that 97 individuals exited with competitive integrated employment, including two individuals who exited with supported employment. The median hourly earnings at exit for all employment outcomes was \$13.44, with the median hours worked of 29 hours per week at exit. Of the 97 individuals who achieved an employment outcome, 31 individuals (32 percent) received Social Security Disability Insurance (SSDI) and 16 individuals (16.5 percent) received Supplemental Security Income (SSI) benefits at exit.

SSB reported the five most common employment types using the Standard Occupational Classification (SOC) titles and their median hourly earnings for PY 2017 were—

- Office and administrative support with 19 participants (\$12.00);
- Sales and related occupations with 11 participants (\$10.30);
- Education, training, and library occupations with ten participants (\$17.70);
- Management with seven participants (\$10.50); and
- Production occupations with six participants (\$9.50).

During the monitoring process, SSB described its commitment to assist individuals with visual impairments to achieve career positions in diverse advanced fields across the State. SSB assisted participants to obtain competitive integrated employment representing 20 different SOC codes, ranging in median hourly earnings from \$9.50 to \$195.00. SSB identified its primary challenge was with participants expressing an interest in working only one or two hours per week. SSB believes the number of individuals who have been determined eligible for VR services but choose to work only a few hours per week to preserve their benefits has directly affected the median hours worked per week, which fell to 29 hours in PY 2017. SSB reported difficulty securing employment for the increased number of these participants expressing an interest in working only minimal hours each week.

SSB attributed the increased trend of individuals requesting limited work hours directly to new requirements in the State mandating individuals working below minimum wage or in a nonintegrated employment setting to apply for VR services. The Minnesota Employment First Policy, implemented on Sept. 29, 2014, states that the Minnesota Department of Education (MDE), the State VR agencies (SSB and Vocational Rehabilitation Services (VRS)) and the Minnesota Department of Human Services (DHS) will work together to align program services and funding, and develop policies to support people with disabilities to choose, secure, and maintain competitive integrated employment, including self-employment. Interim guidance developed and issued by DHS to its providers for home and community-based services (HCBS) waiver employment providers identified SSB (or VRS) as the first payer for employment development services and HCBS disability waivers may only pay for these services when the individual has been placed on a waiting list after being assigned to one of the closed priority categories or is not eligible for SSB (or VRS) services.

RSA clarified requirements in the Rehabilitation Act related to the goal of competitive integrated employment as the employment outcome for all eligible individuals with disabilities and that the Rehabilitation Act and implementing regulations do not place a minimum number of hours per week an individual must be employed in order to become eligible or receive VR services. RSA encouraged SSB to provide extensive information and clarification to its applicants about the VR process and program purpose, the expectation for competitive integrated employment, and the responsibilities of the individual to develop the IPE and engage in services and training leading to successful achievement of the employment goal. In addition, RSA recommended SSB increase the availability of benefits counseling for all applicants and eligible individuals who may be receiving social security benefits or other public assistance to enhance their ability to make an informed choice about their vocational goal.

Pre-Employment Transition Services

Resources: Appendix A—Tables 11 and 12

Of the 228 students with disabilities reported by SSB in PY 2017, 215 students with disabilities reported having an Individualized Education Program (IEP), ten students with Section 504 accommodations and three students without Section 504 accommodations or an IEP. SSB indicated these three students were incorrectly reported when entered in its case management system. SSB reported providing pre-employment transition services to 129 students, or 56.6 percent of students with disabilities reported for PY 2017. Of the 129 students, four were potentially eligible students with disabilities. SSB attributed the high percentage of students with disabilities who were applicants or individuals eligible for VR services to the significance and nature of the population served by the agency. Since the agency only serves individuals who are blind or significantly visually impaired, additional VR or support services available only to VR eligible individuals are usually necessary for the provision of pre-employment transition services.

Of the 452 pre-employment transition services provided to 129 students with disabilities in PY 2017, the most common required activities provided were workplace readiness training (42.7 percent) followed by work-based learning experiences (24.8 percent). In addition, SSB also provided job exploration counseling (13.7 percent), instruction in self-advocacy (9.7 percent) and counseling on postsecondary enrollment opportunities (9.1 percent). SSB communicated all five required activities are made available to students across the State through a combination of the direct provision of services by SSB staff, purchased through community rehabilitation providers (CRPs), or through other comparable services. Additional details about the provision of pre-employment transition services are discussed in Section 3 of this report.

C. Internal Controls

The RSA review team assessed performance accountability in relation to the internal control requirements in 2 C.F.R. § 200.303. Internal controls mean a process implemented by a non-Federal entity designed to provide reasonable assurances regarding the achievement of objectives in the effectiveness and efficiency of operations, reliability of reporting for internal and external use, and compliance with applicable laws and regulations. Internal controls are established and implemented as a measure of checks and balances to ensure proper expenditures of funds. Internal controls serve to safeguard assets and prevent fraud, waste, abuse, and mismanagement. They include methods and procedures the grantee uses to manage the day-to-day operations of grant-supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved.

Policies and Procedures

During the monitoring process, SSB provided RSA its policy and procedures manual, including its procedures for reviewing its case service records and policy for case record documentation. During the on-site portion of the review, SSB and RSA also discussed its internal controls procedures for case record documentation and the review tool used for the review of service records.

SSB's quality assurance (QA) processes involve the district supervisors' review of specific case processes, management's review of reports available through the case management system, and intensive case record reviews by its QA specialist. Intensive case record reviews are conducted by one staff specialist designated to the review of the 17 caseloads across the State. The case review process was implemented in March 2018 and concluded its first review of all VR counselor caseloads in spring 2019.

SSB provided RSA its review tool, which tracks data on an excel spreadsheet. An extensive number of elements are reviewed for each case record selected, including referral for services, employment and case closure, pre-employment transition services, and data related to the performance indicators. Each element is reviewed based on its compliance with SSB's policies and procedures and rated on a scale of zero to three. The results are provided and discussed with the VR counselor and supervisor, and formal feedback is provided to the supervisor and VR counselor, which is intended to improve performance of the data reliability and documentation requirements and is used for the performance rating of VR counselors. Supervisors meet weekly and the QA specialist joins to discuss possible issues or trends identified. In addition, supervisors and SSB administrators use areas of improvement identified to provide additional training to the district offices when systemic issues are identified.

RSA and SSB discussed the comprehensive scope of its review process along with the concerns involving conducting a limited number of reviews. Since SSB's staff is small, only one specialist is assigned to conduct all comprehensive case record reviews limiting the number of case records reviewed per year. The case reviews involve a random sampling of two service records per caseload, which generally takes about one year to review all caseloads. Although this would involve a limited sample size each year, each case review provides an extensive amount of feedback for each case reviewed.

In addition to the case record reviews, SSB's supervisors are required to review specific elements for all caseloads prior to approval. This includes all authorizations for purchased services; IPEs, including the vocational goal and assistive technology required for the provision of services; all closure-related content; and customized employment. Supervisors conduct weekly meetings to discuss areas of improvement identified and additional training that may be needed. In addition, supervisors, VR counselors, and administrators use reports from the VR agency's case management system to regularly review the status of all case records to ensure cases are making satisfactory progress and meeting the required timelines for eligibility determinations and the development of IPEs.

Service Record Review

The RSA review team randomly selected 20 service records of participants who exited with competitive integrated employment or supported employment and 17 service records of participants who earned measurable skill gains to verify that the service records contained documentation supporting data reported by the VR agency on the RSA-911. Only 17 service records were reviewed for the elements related to measurable skill gains since SSB reported 19 individuals achieved measurable skill gains in PY 2017, and RSA included a duplication of two case record identification numbers before the on-site portion of the review. The results of the review are summarized in Appendix B.

Of the 20 service records of participants who exited with competitive integrated employment or supported employment reviewed, four of the service records (20 percent) had all the required information to substantiate the data elements reported on the RSA-911, while 80 percent lacked supporting documentation or contained inconsistent dates between the supporting documentation and information reported on the RSA-911. Of the 17 service records reviewed for individuals who achieved measurable skill gains, two of 17 service records, or 11.8 percent, had all required documentation, while 15 service records (88.2 percent) included some discrepancies or did not have all required documentation.

Of the service records reviewed in which participants exited with competitive integrated employment or supported employment outcomes, 80 percent had documentation in the service record verifying the date of application reported on the RSA-911 and 65 percent of the service records included sufficient documentation verifying the date of eligibility. Documentation was present in 16 of 20 (80 percent) of the service records reviewed for the date of the most recent individual plan for employment (IPE). In addition, 12 of 20 (60 percent) service records contained documentation verifying the reported start date of the individual's primary occupation. Documentation was present verifying the employment outcome at exit in 11 of 20 (55 percent) service records reviewed. Additionally, supporting documentation was present for 15 of 20 (75 percent) of the service records reviewed for hourly wage at exit. For the type of exit, adequate documentation was present in 12 of 20 (60 percent) of the service records and the date of exit contained adequate documentation in 14 of 20 (70 percent) of service records reviewed.

Of the service records reviewed for individuals who achieved measurable skill gains, 10 of 17 (58.8 percent) service records' dates corresponded with the dates reported in the RSA-911 for the start date of the IPE. Regarding the enrollment date reported in an education or training program leading to a recognized postsecondary credential or employment, five of 17 (29.4 percent) of the service records had the required documentation on the RSA-911 that corresponded to the supporting documentation. Additionally, the service record review included verification of the types of measurable skill gains attained, such as educational functioning level, secondary transcript/report card, postsecondary transcript/report card, training milestone, and skills progression. Of the service records that indicated the achievement of a measurable skill gains through postsecondary transcript/report card, five of 16 had the required documentation. None of the service records reviewed included the necessary supporting documentation for the achievement of an educational function level (three cases), secondary transcript or report card (nine cases), training milestone (four cases) and skills progression (three cases).

D. Findings and Corrective Actions

RSA's review of the performance of SSB in this focus area resulted in the identification of the following finding and the corresponding corrective actions to improve performance.

2.1 Lack of Internal Controls for Case File Documentation

Issue: Did SSB's internal controls ensure that case files adhered to the record of service requirements at 34 C.F.R. § 361.47. Specifically, did the internal controls ensure that SSB adhered to the requirements for the development of the IPE pursuant to 34 C.F.R. § 361.45, and

the requirements for closing the record of services of an individual who has achieved an employment outcome pursuant to 34 C.F.R. § 361.56.

Requirement: Pursuant to 34 C.F.R. § 361.47(a), VR agencies must maintain for each applicant and eligible individual a record of services that includes pertinent documentation including, but not limited to, the individual's application for VR services, the individual's IPE, and information related to closing the service record of an individual who achieves an employment outcome. Further, VR agencies, in consultation with the State Rehabilitation Council, if the State has such a council, must determine the type of documentation that the VR agency must maintain for each applicant and eligible individual in order to meet these requirements in accordance with 34 C.F.R. § 361.47(b).

Federal regulations at 34 C.F.R. § 361.45 include options for developing the IPE and outline how VR agencies must document that the eligible individual with a disability agrees to the contents of his or her IPE and any amendments made to it. The requirements for what must be included in the IPE are set forth in the Federal regulations at 34 C.F.R. § 361.46.

Pursuant to 34 C.F.R. § 361.56, the service records for individuals who have achieved an employment outcome may only be closed if: an employment outcome described in the individual's IPE in accordance with 34 C.F.R. § 361.46(a)(1) has been achieved and is consistent with an individual's unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice; the employment outcome is maintained for an appropriate period of time, but not less than 90 days, to ensure stability of the employment outcome and the individual no longer needs VR services; the outcome is considered to be satisfactory and agreed to by the qualified rehabilitation counselor employed by the designated State unit (DSU) and the individual who must agree that they are performing well in the employment; and the individual has been informed of post-employment services through appropriate modes of communication. Under 34 C.F.R. § 361.47(a)(15), prior to closing a service record, VR agencies must maintain documentation verifying that the provisions of 34 C.F.R. § 361.56 have been satisfied. More specifically, under 34 C.F.R. § 361.47(a)(9), VR agencies must maintain documentation verifying that an individual who obtains employment is compensated at or above minimum wage and that the individual's wage and level of benefits are not less than that customarily paid by the employer for the same or similar work performed by individuals without disabilities.

Analysis: While on-site, RSA reviewed 37 service records, which included 20 service records of individuals who achieved an employment outcome and 17 service records of individuals who earned measurable skill gains. Of the service records reviewed, four records, or 20 percent of all service records, included discrepancies with the date of application and seven cases, or 35 percent of all service records reviewed, failed to include the required documentation or reflected inconsistencies with the supporting documentation and the dates reported on the RSA-911 regarding the date of the eligibility determination.

In recording the start date of VR services under the IPE, SSB reported the date reported in its case management system is the date the IPE was signed by both the VR counselor and the eligible individual, or the individual's representative when authorized. During the case record review by RSA, four of the 20 case records did not reflect the date the IPE or the most recent IPE amendment was approved.

The results of the 20 service records reviewed for individuals with an employment outcome demonstrated that the documentation was insufficient or included discrepancies in the dates reported across the case file, in the case management system, and on the RSA-911. Of the service records reviewed, 40 percent did not include a start date of employment, 45 percent did not include the employment at exit, 25 percent did not include hourly wage at exit or closure; and 30 percent did not include date of exit consistently documented across what was reported in the case file, case management system, and on the RSA-911.

RSA observed that the service records reviewed lacked documentation to substantiate that VR counselors verified the hourly wage earned at the time of exit, the type, and date of exit; that the individual maintained employment for at least 90 days after placement; or that the employment continued to be stable at the time of closure, as required in 34 C.F.R. § 361.56(b). During the on-site case record review, RSA observed case records inconsistently verified that individuals who obtain employment have been compensated at or above minimum wage, or an individual's wage and level of benefits are not less than the customary rate paid by the employer for the same or similar work performed by individuals without disabilities. In addition, SSB only requires a case note, not a pay stub or documentation of the wage reported. Furthermore, the service records reviewed lacked documentation as to whether the individual required further VR services, the individual and VR counselor considered the employment outcome to be satisfactory, and both agreed that the individual is performing well in employment in accordance with 34 C.F.R. § 361.56(c). Due to the lack of supporting documentation, RSA was not able to verify whether SSB informed the individual of the availability of post-employment services as required by 34 C.F.R. § 361.56(d).

Further, RSA observed that SSB did not submit accurate reports to substantiate the measurable skill gains reported as required by 34 C.F.R. § 361.40, consistent with the required supporting documentation. Of the 17 case records reviewed, 15 service records, or 88.2 percent, did not include accurate documentation for all of the data elements reviewed. Specifically, 41.2 percent had discrepancies regarding the start date of the initial VR service on or after the IPE was approved, and 70.6 percent included discrepancies in the date enrolled in an education or training program leading to a recognized postsecondary credential or employment. In addition, lack of supporting documentation or inaccuracies with the dates reported were for the types of measurable skill gains. Of the measurable skill gains reported for the 17 case records, 11 of the 16 case records in terms of postsecondary transcript or report card included inaccuracies and none of the case records maintained the necessary supporting documentation for the following types of measurable skill gains: educational functional level (three case records); secondary transcript of report card (nine case records); training milestone (four case records); and skills progression (three case records).

Conclusion: As a result of the analysis, RSA determined that SSB's internal controls did not ensure the service record requirements at 34 C.F.R. § 361.47 were met. Specifically, SSB's internal controls did not ensure the inclusion in the service records of documentation related to development of the IPE pursuant to 34 C.F.R. § 361.45, and the requirements for closing the record of services of an individual who has achieved an employment outcome pursuant to 34 C.F.R. § 361.56.

Corrective Actions: RSA requires that SSB—

- 2.1.1 Develop internal control policies and procedures to ensure that the provisions of 34 C.F.R. §§ 361.47 and 361.56 have been met and documented in the service record, and that the requirements at 34 C.F.R. §§ 361.45, and 361.46 are met;
- 2.1.2 Review and develop instrumentation for conducting both State and field-level service record reviews that identify the lack of supporting documentation; and
- 2.1.3 Develop mechanisms to collect and aggregate the results of these reviews and use the results to inform staff training and evaluation.

VR Agency Response: We agree with this finding. It is important to note, however, that the cases reviewed were from a time period prior to the establishment and implementation of our quality assurance program. Beginning in late 2016, we did the following:

- Created a quality assurance specialist position to monitor and review case record compliance;
- Developed internal control policies and procedures, including controls for ensuring timely eligibilities and IPEs, IPE development and implementation, case record documentation, fiscal oversight, and case closure;
- Provided biweekly and monthly status reports to staff; and
- Instituted an intensive case review process for both cases and caseloads.

In addition, we implemented more intensive oversight of key parts of the vocational rehabilitation process. Supervisors are reviewing pending eligibilities, IPEs, and authorizations to ensure that services provided and procured are reasonable, allowable, allocable, and necessary. We have implemented some automation and prompts in the case management system to aid us in our internal controls, including requiring the attachment of measurable skill gain documentation when staff enter a date that an MSG was achieved.

We will enhance our case review tool to improve our data verification process for accurate date matching, and all other areas identified during the monitoring visit. We will also develop clearer guidance in policy regarding wage verification and required supporting documentation and documentation of employment start dates. Our quality assurance specialist will incorporate as part of the case review process that there is consistent staff follow up during the 90-day countdown to case closure. We will expand our case review process to incorporate supervisors and field staff reviewers.

At least annually, we review our policies and procedures, including our current internal controls policies, to identify any changes or updates needed. We will conduct an in-house review as a result of the monitoring report to identify additional ways we can improve and expand on other areas that need strengthening.

We are currently evaluating available tools to collect and report on case review results in a more formal and aggregate fashion, as we do not have a mechanism in place to do so. We want to identify a case management program that can help automate the review process. Once implemented, we will begin sharing results on an established timeframe with staff and supervisors and provide associated training in areas that have lower scores. We will also be

providing targeted training to staff who need more support and training and incorporate those results in staff evaluations. We are in the process of allocating resources for a designated staff training position, which will be responsible for training new and current staff on policies, procedures, trends and patterns learned during the case review process, and other topics essential to staff development.

RSA Response: RSA appreciates the feedback from SSB and the additional efforts that have been implemented since the on-site portion of the review was conducted to improve data validation reported to RSA and ensure all required supporting documentation is included in case service record.

VR Agency Request for Technical Assistance: We are interested in identifying which states have a case review tool and scoring mechanism that would be considered a best practice.

E. Technical Assistance

In the course of conducting monitoring activities, RSA provided technical assistance to SSB as described below.

Order of Selection Policies

RSA discussed SSB's policies and procedures governing its eligibility and OOS, Chapter 9: Eligibility and Order of Selection. At the time of the on-site monitoring, SSB policy identified four priority categories, with two of the four priority categories open. According to SSB's policy, priority category 1 was defined as individuals "pursuing vocational rehabilitation services to retain their current employment (job retention)." Priority category 2, "individual with the most significant disability," was defined as an individual with five or more functional limitations expected to require multiple VR services over an extended period of time. Priority category 3, "individual with a more significant disability," was defined as an individual with three or four functional limitations expected to require multiple VR services over an extended period of time, and priority category 4, "other individual with a disability," was defined as is an individual who does not meet the definition of an individual with the most significant disability or an individual with a more significant disability.

RSA discussed the requirements at Section 101(a)(5)(D) of the Rehabilitation Act and 34 C.F.R. § 361.36(a)(3)(iv)(A) concerning the implementation of an OOS and ensuring individuals with the most significant disabilities are served first. VR agencies may elect to serve eligible individuals who require specific services or equipment to maintain employment regardless if the individual is receiving VR services under the OOS in accordance with 34 C.F.R. § 361.36(a)(3)(v). RSA clarified that if a VR agency elects to implement this allowance to its OOS, it would not be defined as a priority category. Further, RSA clarified that in order for eligible individuals to qualify for VR services under these allowances there must be a determination, as documented in the case service record, that the individual requires specific services or equipment to maintain employment. Specifically, there should be a defined VR service or equipment needed to assist the individual to retain his or her employment. Once these services have been provided, the individual may receive VR services based on the determination

of the individual's priority category for services and whether the priority category is open, or the individual has been placed on a waiting list.

RSA clarified that SSB's definition of an individual with a significant disability must align with Section 7(21)(A) of the Rehabilitation Act and 34 C.F.R. § 361.5(c)(30):

- (i) Who has a severe physical or mental impairment that seriously limits one or more functional capacities (such as mobility, communication, self-care, self-direction, interpersonal skills, work tolerance, or work skills) in terms of an employment outcome;
- (ii) Whose vocational rehabilitation can be expected to require multiple vocational rehabilitation services over an extended period of time; and
- (iii) Who has one or more physical or mental disabilities that causes comparable substantial functional limitation.

In addition, SSB must ensure the VR portion of the State plan is consistent with its policies governing its OOS and eligibility criteria. During the review process, RSA reviewed the VR services portion of the Combined State Plan for PY 2016 and 2018 and determined its policies were not consistent with the descriptions in its State plans. SSB has since corrected its order of selection policies, which were included in the VR services portion of the PY 2020 Combined State Plan.

Finally, SSB was provided technical assistance related to the requirements to provide a full assessment of its ability to serve individuals eligible for services under 34 C.F.R. parts 361 and 363 prior to the start of each Federal fiscal year based on the results of the most recently conducted comprehensive statewide assessment, in accordance with 34 C.F.R. § 361.29. Pursuant to 34 C.F.R. § 361.36(c), the VR agency must determine whether it is able to provide a full range of VR services to all eligible individuals prior to the start of the next fiscal year. If the VR agency experiences unforeseeable changes in its circumstances during the fiscal year, such as increased or decreased personnel or financial resources, or significant changes in its program costs, the agency should reevaluate its OOS. During the review process, RSA clarified the process for opening categories and serving individuals on a waiting list. Since FFY 2016, SSB consistently opened and closed priority categories 3 and 4 at relatively the same time, typically several times per year, before closing both priority categories. This included the partial opening of both priority categories to serve those placed on a waiting list prior to a specific date, and in some cases, maintained priority category 3 closed while serving individuals on a waiting list from priority category 4 from an earlier date. RSA discussed the requirements of 34 C.F.R. § 361.36(a)(3)(iv)(A) that establish a VR agency under an OOS must serve individuals with the most significant disabilities first based on the criteria developed by SSB for its priority categories prior to serving individuals in the next priority category.

Internal Controls

RSA discussed the need to enhance its internal controls to ensure SSB is accurately accounting for the provision of services. As demonstrated on Table 6 of Appendix A and described previously, SSB reported a low percentage of VR services to individuals who received VR services during PY 2017. SSB acknowledged that VR services reported on the RSA-911 report do not accurately reflect the extent of VR services the agency has provided to individuals

receiving VR services. SSB attributes the underreporting of services primarily to problems it has experienced with its case management system, specifically non-purchased services being properly coded and reported. SSB indicated the agency has been working with developers to address some of the concerns it has with the collection and reporting of data through its case management system and expects greater accuracy in its reporting following the completion of this work.

RSA noted the high percentage of vocational rehabilitation counseling and guidance (99.9 percent) and information and referral services (99.5 percent) reported for PY 2017. SSB indicated that these services are automatically included on an IPE and identified as service provided in its case management system when the IPE is approved. RSA clarified that all services must be documented in the case service record at the time the service is provided to the individual.

In addition, RSA provided SSB technical assistance on the definition of information and referral services as a VR service, as defined under 34 C.F.R. § 361.48(b)(4) when provided in accordance with 34 C.F.R. § 361.37. RSA clarified information and referral services should be coded as a service when the VR counselor refers and provides specific information to assist the individual to obtain services through an outside agency consistent with the requirements described at 34 C.F.R. § 361.24. For individuals determined eligible for VR services but placed on a waiting list due to the agency being under an OOS, information and referral services must be provided in accordance with 34 C.F.R. § 361.37(a). In addition, information and referral services must also be provided when an individual makes an informed choice not to pursue competitive integrated employment. The criteria for providing these services is described at 34 C.F.R. § 361.37(c). RSA recommended SSB ensure the case record includes the necessary supporting documentation before coding the service as being provided in the case management system that supports the provision of these services, including how the referral and information was communicated to the individual.

RSA discussed the requirements of 2 C.F.R. § 200.303 concerning the internal controls that must be implemented for VR agencies that receive Federal funds. Discussions included the need to review its data prior to the submission of any Federal report to ensure the data is accurate and valid before the submission of its reports. RSA recommended its quarterly data be reviewed at multiple levels, from its district offices to central office, to identify inaccuracies or inconsistencies. In addition, RSA also recommended SSB incorporate the results of its review in its district and statewide training.

Pre-employment Transition Services

RSA and SSB discussed the policies and procedures for pre-employment transition services in Chapter 7 of the VR agency's policy manual. SSB's policy requires the case record include documentation of an eye condition that meets the SSB's eligibility criteria. According to SSB's eligibility and OOS policy in Chapter 9, all individuals must have an eye report and other relevant medical documentation identifying a significant visual impairment.

RSA clarified that a VR agency cannot impose a higher standard for defining a student with a disability for the purposes of receiving pre-employment transition services than the statutory definition at 7(37) of the Rehabilitation Act and 34 C.F.R. § 361.5(c)(51) of the regulations. Specifically, 34 C.F.R. § 361.5(c)(51)(i)(C) states that the student must be either: (1) eligible for, and receiving, special education or related services under Part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.); or (2) is a student who is an individual with a disability, for purposes of Section 504. According to the data reported by SSB for PY 2017, as documented on Table 11 of Appendix A, of the 228 students with disabilities reported, ten students were students with 504 accommodations and 215 students were reported as students with an IEP. Of these students, 125 applied for VR services and four were reported as potentially eligible students with disabilities. SSB confirmed potentially eligible students with disabilities were required to provide the same level of documentation prior to receiving services as students who applied for VR services and were determined eligible for services.

RSA further clarified the agency should work with the school and student, and the student's guardian, as appropriate, to identify if the student requires accommodations due to a visual impairment, but not require a higher standard for students with disabilities to receive pre-employment transition services. All eligibility requirements would apply once, or if, the student applies for services and an eligibility determination is made by SSB.

SSB and RSA also discussed the availability of assistive technology for students with disabilities receiving pre-employment transition services who require accommodations to participate in services. According to SSB's policy at Chapter 7, section 7.8, students with disabilities potentially eligible for services may obtain assistive technology required for participation in pre-employment transition services through its loan program. According to this policy, the student may use the equipment for a period of six months while participating in pre-employment transition services. If no other student needs the equipment at the end of the six months, the student may extend the duration of the equipment as long as the student is participating in pre-employment transition services. RSA noted that the loan program did not include the full extent of the rehabilitation technology made available to students eligible for services.

SSB policy at section 7.8 states that students with disabilities participating in pre-employment transition services who have applied for and been determined eligible for services may receive permanent rehabilitation technology to access and accommodate the student for the needed pre-employment transition service. This equipment is not required to be returned to the agency and may include the following items:

- Accessibility software and applications;
- Low vision devices, including electronic magnifiers and CCTVs;
- Braille displays;
- Notetakers; and
- Technology that has built in accessibility features, including iPads, iPhones, and Macintosh-based and Windows-based personal computers.

RSA recommended that the loan program be used for both students potentially eligible for services and students determined eligible receiving pre-employment transition services. If the

necessary technology is not available through the loan program, provisions should be made to accommodate the student's participation in the program on an equal basis. Upon completion of the service or services, SSB should recoup the equipment or technology unless services have been identified on the individual's IPE that would require the continuation of the equipment.

Competitive Integrated Employment

SSB requested technical assistance concerning the minimum hours worked per week before an individual would be eligible for VR services to achieve competitive integrated employment. As described previously in this report, SSB has experienced a significant increase in the number of individuals who apply for VR services and indicate an interest to work no more than one or two hours per week. SSB requested guidance on whether there are any requirements on the minimum number of hours an individual must work per week to be considered as achieving competitive integrated employment.

RSA clarified Section 7(5) of the Rehabilitation Act and 34 C.F.R. § 361.5(c)(9) do not place a minimum number of hours on work in order for it to be considered competitive integrated employment. RSA reiterated no such minimum number of hours may be imposed in any policy, procedure or guidance issued by a VR agency. Pursuant to 34 C.F.R. § 361.1(b), the purpose of the State VR Program is to provide VR services for individuals with disabilities, consistent with their unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice so that they may prepare for and engage in competitive integrated employment and achieve economic self-sufficiency. Since neither the Rehabilitation Act, nor the VR program regulations, specifies a minimum number of hours required for competitive integrated employment, VR counselors should use, as a matter of good practice, counseling and guidance skills to assist individuals seeking competitive integrated employment that can lead to economic self-sufficiency; however, economic self-sufficiency is not defined in the Rehabilitation Act or in its regulations and is not required for the achievement of an employment outcome in the VR program (see 81 FR page 55635 (August 19, 2016)).

RSA recommended SSB provide information to the applicant about the VR process, purpose of the VR program, and the expectations and responsibilities of the individual, as outlined on the individual's IPE. In addition, it was recommended SSB increase the availability of benefits counseling for all applicants and eligible individuals who may be receiving social security benefits or other public assistance and encouraged a more thorough orientation process for all referrals. Finally, it was also recommended that SSB discuss the benefits of self-sufficiency and independence through competitive integrated employment.

Additional technical assistance

RSA provided additional technical assistance to SSB during the monitoring process.

- RSA provided SSB an additional breakdown of pre-employment transition services by quarter for PY 2017, categorized by required activity provided by staff, purchased and through a comparable service, along with the amount expended for each (purchased) activity as reported on the RSA-911.

- RSA provided clarification to SSB concerning Table 11 of Appendix A indicating the percentage of students with disabilities reported as receiving pre-employment transition services for PY 2017 (56.6 percent). SSB communicated its belief the percentage was incorrect since all students with disabilities receive pre-employment transition services. RSA clarified how this element is calculated.
- During the on-site portion of the review SSB provided RSA an overview of its case record review process and its review tool. The case reviews appeared to be thorough and provide extensive feedback, but the number of service records reviewed are limited to two service records per caseload and require approximately one year to complete all 17 caseloads. All comprehensive service record reviews are conducted by the same staff specialist. RSA recommended the VR agency expand this process to include additional supervisory and experienced VR counselors from different offices in the conduct of these service record reviews. The reviews could be limited to specific focus areas based on trends identified through the comprehensive service record reviews or other systemic issues identified by SSB's administration.
- RSA clarified that the 90-day time frame for the development of an IPE must begin once an individual is removed from a waiting list and cannot begin after the individual responds to SSB's notification. According to SSB's policy at Chapter 9-Eligibility and OOS, an individual who has been notified about the availability of services has up to 30 days (following two notices each allowing 15 days) before the individual must contact SSB or has his or her case record closed from a waiting list.
- RSA recommended SSB evaluate its current structure for the purchase of job placement and retention services. During the monitoring process, SSB confirmed payment is made to providers upon the completion of an intake and signed placement plan (\$1,500) and an additional payment is made at a 90-day check-in period (\$1,500), neither of which require the provider to achieve any success prior to the placement milestone payment. RSA recommended revising milestone payments for the successful placement by its providers, including additional incentive payments for individuals successfully placed in employment at higher wages and a greater number of hours worked per week.
- RSA provided guidance on the type of training eligible for participants to earn a measurable skill gains as defined at 34 C.F.R. § 361.155(a)(a)(v) and TAC-17-01. RSA provided guidance regarding SSB's policy at Chapter 13D.4 – Employment Services Definitions, which erroneously states that internships not part of postsecondary education credit are eligible for measurable skill gains. RSA strongly recommends the continuation of internships as a tool to provide its participants with valuable employment experience.

SECTION 3: FOCUS AREA –PRE-EMPLOYMENT TRANSITION SERVICES FOR STUDENTS WITH DISABILITIES

A. Purpose

The Rehabilitation Act, as amended by Title IV of WIOA, places heightened emphasis on the provision of services, including pre-employment transition services under Section 113, to students with disabilities to ensure they have meaningful opportunities to receive training and other VR 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. Through this focus area the RSA review team assessed the VR agency's performance and technical assistance needs related to the provision of pre-employment transition services to students with disabilities.

B. Implementation of Pre-Employment Transition Services

The VR agency must consider various requirements in providing or arranging for the provision of pre-employment transition services for students with disabilities under Section 113 of the Rehabilitation Act and 34 C.F.R. § 361.48(a). Students with disabilities may receive pre-employment transition services as either potentially eligible or eligible individuals for the VR program. A discussion of SSB service delivery system and implementation of pre-employment transition services follows.

Structure of Service Delivery

SSB employs the following core team to ensure that pre-employment transition services are provided statewide:

- Dedicated pre-employment transition services vocational rehabilitation counselors in the Twin Cities;
- A pre-employment transition services coordinator;
- A pre-employment transition services work opportunities navigator;
- Additional vocational rehabilitation counselors throughout the State, including a deafblind counselor and others who specialize in providing pre-employment transition services to students with disabilities living in rural areas;
- A pre-employment transition services assistive technology specialist; and
- A supervisor who oversees the coordination and appropriateness of pre-employment transition services required activities.

The majority of pre-employment transition services required activities are provided in-house by the staff listed above to students with disabilities who apply and are determined eligible for services, although contract vendors may also provide required activities, depending on the needs of each individual student. School staff may also provide required activities, but SSB staff track and take the lead on service provision. Podcasts and recorded seminars may be used to provide pre-employment transition services in rural areas.

Additionally, SSB reported that most referrals for services come either from the local schools or parents, but the agency does not use a formal referral form, and written parental consent is not required to provide pre-employment transition services to students with disabilities other than a signed release of information provided by the school. However, all students with disabilities who receive pre-employment transition services begin with a Workforce One referral. The RSA team provided SSB with a sample pre-employment transition services referral form that includes a section obtaining written parental consent for the provision of pre-employment transition services.

After a referral is made to SSB, an initial intake meeting is scheduled in which parents, teachers, and students attend, and the student is given a Tennessee warning notice, which informs them of why SSB is collecting their information and how it will be stored electronically. At the initial meeting, the pros and cons of applying for VR services are discussed, as well as the order of selection waiting list. Most students apply for services and may continue to receive pre-employment transition services if placed on the waiting list if a pre-employment transition service was provided to the student prior to application. SSB reported that students who received similar services under a personal learning plan, but who were not previously known to the agency, may also continue to receive pre-employment transition services while on the waiting list.

Outreach and Planning for the Delivery of Pre-Employment Transition Services

SSB completed a set-aside determination, or blueprint, for the 2017-2018 school year, which included the PY 2017 period of review, as well as a blueprint for the 2018-2019 school year. According to the 2018-2019 blueprint, SSB served a total of 189 students with disabilities ages 14 through 21 in the 2017-2018 school year, which included both secondary and post-secondary students. Of the 336 school districts in the State, MDE indicated in its “Unduplicated Child Count” report that there were approximately 183 students in secondary education who were blind, visually impaired, or deafblind in the 2017-2018 school year.

Further, according to RSA-911 data, in PY17, SSB reported serving 228 students with disabilities. Of that number—

- 129 students with disabilities received a pre-employment transition services required activity; and
- Four potentially eligible students with disabilities received a pre-employment transition services required activity.

Additionally, neither of the SSB blueprints included a process for determining if the agency can move from providing required activities to authorized activities. Coordination activities also were not mentioned in the SSB pre-employment transition services policy. When asked about this, the agency reported that coordination activities are factored into its set-aside determination as being a required activity since they are coded the same in the Workforce One case management system. The agency requested technical assistance in this area.

Lastly, according to the 2017-2018 Blueprint, SSB implemented a BRIDGE to Success framework for the provision of pre-employment transition services to students who are blind, visually impaired, and deafblind. The core components of this framework included—

- Basic Skills;
- Role Models;
- Initiative;
- Discovery;
- Goal Setting; and
- Experiences.

The goal of the BRIDGE to Success framework is to help students work, study, and live independently, and services are provided by the core team of staff listed previously. A calendar of events and activities is maintained to track and organize the activities provided by staff.

State Educational Agency (SEA) Agreement

SSB's SEA agreement with MDE meets the requirements of 34 C.F.R § 361.22(b) and includes the requirements specific to pre-employment transition services. The SEA agreement was signed and implemented on December 20, 2016, and includes both SSB and VRS, the general VR agency, since they are both part of the Minnesota Department of Employment and Economic Development (DEED). The SEA agreement states that the agencies have agreed to make pre-employment transition services available to students in grade nine through age 21, whereas at the time of the review SSB policy stated that pre-employment transition services may begin at age 14 through age 21. This discrepancy in age would not allow for students with disabilities who are age 13 and in grade nine to receive pre-employment transition services from SSB even though these students may receive pre-employment transition services from VRS. This difference in the age range for pre-employment transition services expressed in SSB policy and the SEA agreement was resolved with the approval of the PY 2020 Combined State Plan. In its VR services portion of the plan, SSB indicates it is providing pre-employment transition services to students with disabilities in the age range specified in the SEA agreement.

Additionally, the SEA agreement contains a data sharing agreement that permits the release of directory information by the local schools to identify those students who are potentially eligible for pre-employment transition services. As stated in the SEA agreement, both Minnesota (M.S. § 13.32) and Federal (20 U.S.C. § 1232g (5)(A)) statutes define "directory information" as the student's name, address, telephone listing, and date of birth. This allows SSB to send an outreach packet by mail directly to the student with a disability. Reportedly, some students choose not to participate, and some parents have opted out of allowing the schools to provide directory information to SSB.

Provision of Pre-Employment Transition Services

Both the current version and the version from PY 2017 of SSB's pre-employment transition services policy, state that "a student who did not receive any pre-employment transition services prior to applying for VR services, can only receive pre-employment transition services for groups while they are on the waiting list." Both versions explain that pre-employment transition

services for groups are those services that are available to all students and require no authorization. For example, “a student on the waiting list can attend an SSB-hosted career expo or mentorship fair.” Technical assistance on the continuation of pre-employment transition services while under an order of selection was provided to the agency.

To assist in the identification of required activities needed for each student with a disability, staff reported using a tool developed by the pre-employment transition services work opportunities navigator to gauge the student’s confidence level and career direction. The tool includes 46 questions to target appropriate pre-employment transition services required activities. Each required pre-employment transition services activity has a set of questions in which the student may score high or low depending on level of confidence. The score may change over time, so the tool is used each year the student receives pre-employment transition services to ensure students are receiving the appropriate required activities. The pre-employment transition services work opportunities navigator is also responsible for the statewide coordination of work-based learning experiences and workplace readiness training.

SSB also provides assistive technology (AT) to students receiving pre-employment transition services through its AT lending library. The in-house pre-employment transition services assistive technology specialists receive referrals when a student with a disability needs assistive technology to participate in a required activity. The goal of this service is to reach students in their senior year to help determine the next steps after high school. Reportedly, free assistive technology offered by the schools is not sufficient for students’ needs and often differs from what students will need after high school. The lending library is considered an authorized activity, with potentially eligible students using assistive technology on a temporary basis, while eligible students with disabilities receiving pre-employment transition services may continue to use the assistive technology on a permanent basis. Technical assistance was provided to the agency on the types of assistive technology, or auxiliary aids, for which States may expend funds reserved for the provision of pre-employment transition services.

C. Findings and Corrective Actions

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

D. Technical Assistance

In the course of conducting monitoring activities, RSA provided technical assistance to SSB as described below.

Auxiliary Aids and Services for Students with Disabilities Receiving Pre-Employment Transition Services

Subsequent to the on-site monitoring visit, the Department issued a notice of interpretation (NOI) in the Federal Register (85 FR 11848 (February 28, 2020)) to: (1) clarify current policy regarding the use of Federal VR funds reserved for the provision of pre-employment transition services to pay for auxiliary aids and services needed by all students with disabilities in order to access or participate in required pre-employment transition services under section 113(b) of the

Rehabilitation Act, and (2) announce a change in policy with respect to additional VR services needed by eligible students with disabilities that may be paid for with Federal VR grant funds reserved for the provision of pre-employment transition services and the circumstances under which those funds may be used to pay for those additional VR services. The effective date of the NOI was February 28, 2020; however, State VR agencies were provided an opportunity to comment on the NOI until July 1, 2020.

The NOI clarified the Department's policy interpretation that State VR agencies may use funds reserved for the provision of pre-employment transition services to pay for auxiliary aids and services for students with disabilities with sensory and communicative disorders who need such aids and services in order to access or participate in pre-employment transition services under Section 113(b) of the Rehabilitation Act and 34 C.F.R. § 361.48(a)(2).

Through the NOI, the Department made clear that State VR agencies may use the funds reserved under Section 110(d)(1) of the Rehabilitation Act and 34 C.F.R. § 361.65(a)(3)(i) to pay for any auxiliary aids and services needed by any student with a disability with a sensory or communicative disorder who needs those services to access pre-employment transition services, regardless of whether the student has applied or been determined eligible for the VR program.

As public entities, defined in Section 12131 of the Americans with Disabilities Act (ADA), and as recipients of Federal funds, VR agencies must ensure that no qualified individual with a disability is excluded from participation in or denied the benefits of services, programs, or activities on the basis of the individual's disability (Section 12132 of the ADA and Section 504(a) of the Rehabilitation Act). Because Section 113(a) of the Rehabilitation Act and 34 C.F.R. § 361.48(a) make clear that pre-employment transition services must be provided to all students with disabilities who need them, this means that both eligible and potentially eligible students with disabilities meet the essential eligibility requirements for pre-employment transition services under the VR program in accordance with Section 113(a) of the Rehabilitation Act and thus are considered qualified individuals with disabilities for purposes of Title II of the ADA and Section 504 of the Rehabilitation Act (28 C.F.R. § 35.104; 34 C.F.R. § 104.3(l)(4)). Therefore, if any student with a disability requires an auxiliary aid or service to access or participate in any of the pre-employment transition services specified in Section 113(b) of the Rehabilitation Act and 34 C.F.R. § 361.48(a)(2), the DSU must pay for such costs if no other public entity is required to provide such aids or services.

The ADA's title II implementing regulations define “auxiliary aids and services” in 28 C.F.R. § 35.104. For purposes of the Department's policy interpretation, auxiliary aids and services ensure equal access to information, materials, services, and activities available to students with disabilities participating in pre-employment transition services. As such, expenditures incurred for the purchase or acquisition of auxiliary aids and services, including, for example, interpreter and reader services under Section 103(a)(10) of the Rehabilitation Act and 34 C.F.R. § 361.48(b)(10) and (11), for students with disabilities needing such aids or services to access or participate in pre-employment transition services specified in Section 113(b) of the Rehabilitation Act and 34 C.F.R. § 361.48(a)(2) constitute an allowable pre-employment transition services cost. This is true for both potentially eligible and eligible students with disabilities.

Because auxiliary aids and services necessary for students with disabilities to access or participate in pre-employment transition services are an allowable cost, State VR agencies may use funds reserved for providing pre-employment transition services to pay for those auxiliary aids and services for any student with a disability who needs them, regardless of whether they have applied and been determined eligible for VR services. For example, for a student who is deaf, DSUs could purchase interpreter services or video-based telecommunication products to ensure access to information and activities related to job exploration counseling or other pre-employment transition services. As another example, State VR agencies could purchase screen reader software programs to enable a student who is blind to access information on a computer during a work-based learning experience. State VR agencies could purchase the screen reader software for the student's personal laptop or for a laptop that would be available for other students needing the device. In these instances, it is important to note that the screen reader software for individuals who are blind or visually impaired, not the computer on which it is installed, meets the definition of “auxiliary aids and services” for purposes of the ADA and Section 504 of the Rehabilitation Act and, as such, could be paid with funds reserved for the provision of pre-employment transition services.

On the other hand, personal devices and services do not meet the definition of auxiliary aids and services under the ADA or Section 504 of the Rehabilitation Act. Personal devices and services include individually prescribed devices, such as prescription eyeglasses or hearing aids, readers for personal use or study, or services of a personal nature (28 C.F.R. § 35.135 and 34 C.F.R. § 104.44(d)(2)). If a student with a disability requires personal devices or services or individually prescribed assistive technology, the VR agency must determine whether the student meets the eligibility criteria of Section 102(a) of the Rehabilitation Act and, if so, develop an IPE in partnership with the student pursuant to Section 102(b) of the Rehabilitation Act for the provision of those additional services (see also 34 C.F.R. § 361.42(a)(1) and 361.45). State VR agencies must use funds reserved under Section 110(d)(1) of the Rehabilitation Act and 34 C.F.R. § 361.65(a)(3)(i) to pay for only pre-employment transition services under Section 113(b) and 34 C.F.R. § 361.48(a)(2), auxiliary aids and services needed by any student with a disability to access or participate in those services, or other VR services necessary for an eligible student to receive pre-employment transition services as discussed in the NOI. State VR agencies must pay for any other additional VR services using non-reserved VR funds.

Charging the Pre-Employment Transition Services Reserve for VR Agency Staff Time

The RSA review team provided technical assistance to SSB on the issue of charging the pre-employment transition services 15 percent reserve for VR agency staff time spent directly providing or arranging for pre-employment transition services. RSA clarified that consistent with State policies and procedures, VR agencies may charge the pre-employment transition services reserve for VR agency staff time spent directly providing or arranging for pre-employment transition services, and that this may include both salary and leave.

Leave must be charged consistent with Uniform Guidance requirements at 2 C.F.R. § 200.431(b) Compensation—fringe benefits, consistent with established written leave policies and the proper allocation of leave to benefitting cost objectives. To accurately determine the amount of leave allocable to the pre-employment reserve and the amount that must be charged to other sources, the allocation of leave should be based on a reasonable method that reviews the employee’s past

use of leave to determine the proportion of time spent working on pre-employment transition services and time spent working on other cost objectives.

Continuation of Pre-Employment Transition Services While Under an Order of Selection

Pre-employment transition services in Section 113(b) of the Rehabilitation Act, and 34 C.F.R. § 361.48(a)(2) are to be provided to students with disabilities in need of such services who are eligible or potentially eligible for VR services in collaboration with local educational agencies (LEAs). VR agencies may directly provide or arrange for the provision of pre-employment transition services to students with disabilities regardless of whether the students have applied for or been determined eligible for VR services. In order for the VR agency to provide or arrange for the provision of pre-employment transition services for potentially eligible or eligible students with disabilities, such students must be known to the VR agency. If a student with a disability begins one or more of the required activities in Section 113(b) of the Rehabilitation Act and 34 C.F.R. § 361.48(a)(2) prior to the student being determined eligible for VR services, the student with a disability may continue to receive any and all required activities under pre-employment transition services while assigned to a closed order of selection priority category and waiting list in accordance with 34 C.F.R. § 361.36(e)(3)(i), regardless of whether the VR agency or LEA provided the required pre-employment transition service activity. SSB reported that students determined eligible for the VR program and assigned to a waiting list who received similar services to pre-employment transition services under a personal learning plan prior to being known to the VR agency, may continue to receive pre-employment transition services while on the waiting list. The following examples were provided to clarify when pre-employment transition services may be provided to students with disabilities on a waiting list under an OOS.

Example 1:

If a LEA determines that there is a need for programming on understanding employer expectations, identifies and refers students with disabilities to the VR program to receive this workplace readiness training as one of the required pre-employment transition services, and the LEA and VR agency collaboratively develop the training session on understanding employer expectations for punctuality and other “soft skills” necessary for employment, then regardless of whether the VR agency or the LEA provides the program, it qualifies as a required pre-employment transition service. If a student with a disability referred to the VR agency for pre-employment transition services engages in required activities such as this workplace readiness training prior to being determined eligible for VR services, the student may continue to receive any and all required activities in Section 113(b) of the Rehabilitation Act, and 34 C.F.R. § 361.48(a)(2), regardless of whether the student is assigned to an order of selection closed category waiting list.

Example 2:

In the fall, a LEA offers career interest inventories to all students in the school through its guidance department as part of the students’ personal learning plans. While career interest inventories may be provided as a required pre-employment transition service, in this example, the career interest inventories offered as a service through the guidance department was not

developed in collaboration with the local VR program as a pre-employment transition activity and the inventories were provided to students with disabilities who have not been referred to the VR agency for pre-employment transition services. In the following spring, the LEA refers a student with a disability to the local VR program for job exploration counseling under pre-employment transition services. Before job exploration counseling begins, the student applies and is determined eligible for VR services and assigned to a closed order of selection priority category and waiting list. The LEA shares with the VR agency that it has a recent career interest inventory completed in the fall by the referred student and asks if VR can provide job exploration counseling based on the results of the previously administered interest inventory. Because the previously administered career interest inventory was not a required pre-employment transition service activity provided by the LEA in collaboration with the VR agency, it would not be considered a pre-employment transition service. Therefore, the VR program could not provide job exploration counseling to a student with a disability in a closed priority category because the student had not received a pre-employment transition service prior to application and eligibility determination.

Parental Consent for the Provision of Pre-Employment Transition Services

Under Section 615(m) of IDEA and 34 C.F.R. § 300.520, a State may transfer all rights accorded to parents under Part B of IDEA to a student when he or she reaches the age of majority under State law, except for a student who has been determined incompetent under State law. If rights under IDEA transfer to a student, the student may have the right to make his or her own education, employment, and independent living decisions, and VR agencies may conduct outreach directly to these students. 81 FR 55688 (August 19, 2016). Depending upon State law, this usually happens at some point between ages 18 and 21.

Otherwise, for students who have not reached the age of majority, parental consent to participate in pre-employment transition services should be obtained pursuant to State law, as well as policies of the educational programs and the VR agency. The consent of the parents or an IDEA-eligible student who has reached the age of majority must be obtained before personally identifiable information about the student is released to officials of participating agencies, including VR agencies that are providing or paying for transition services or pre-employment transition services.

More information on parental consent, age of majority, supported decision-making and guardianship can be found in A Transition Guide to Postsecondary Education and Employment for Students and Youth with Disabilities located on RSA's website at—
<https://www2.ed.gov/about/offices/list/osers/rsa/wioa-reauthorization.html>.

Charging and Assigning Costs for the Provision of Pre-Employment Transition Services

RSA staff provided technical assistance about tracking and reporting costs and services paid for with pre-employment transition services reserve funds. Reserve funds must be included on Federal reports, including the RSA-911 and the SF-425, which have different requirements. The RSA-911 captures both expenditures and service type (individual required activity) when under a contract for purchased consumer services, but it also requires reporting of which required activity(ies) is provided to a student with a disability when the activity is provided “in-house.”

While tracking of service provision is always required, personnel costs for pre-employment transition services provided by VR agency staff will only be reported on the SF-425 report, but are also used to determine the amount of set-aside reserve funds necessary to provide required and coordination activities, before moving on to spending funds on authorized activities. Therefore, there is no need for VR agency staff to track personnel costs down to the level of each of the five required activities to determine overall costs for reporting reserve expenditures. This is also true of coordination and authorized activities, which can be included on the SF-425 as part of reserve expenditures.

This means that VR agency staff must have a method to identify, track and report the provision of the five specific required pre-employment transition services activities provided to students with disabilities as a service type. In addition, the VR agency personnel costs associated with providing pre-employment transition services (based on activity category) may be assigned and tracked using the following example cost objectives, which will assist with SF-425 reporting and set-aside determination:

- Time spent providing required and coordination activities can be combined together;
- Time spent providing authorized activities is its own cost objective; and
- Time spent providing all other services, which may require further breakdown to other cost objectives (e.g., other VR program costs, Independent Living for Older Individuals who are Blind costs, etc.).

Uniform Guidance states that personnel activity reports (PARs), or other record keeping systems, may be used to track VR agency staff time and personnel costs, and assign them to cost objectives (2 C.F.R. § 200.430). As an example, for the RSA-911, if a VR counselor is providing work readiness training, the VR Agency will report that the service was provided on the RSA-911. However, the VR counselor personnel costs associated with the time spent providing the required activity will be reported on the SF-425 report and will be factored into the set-aside determination. The tracking of costs for the RSA-911 is only required for purchased required activities, including those purchased under a contract providing required activities to students with disabilities.

SECTION 4: FOCUS AREA – FINANCIAL MANAGEMENT OF THE STATE VOCATIONAL REHABILITATION SERVICES AND STATE SUPPORTED EMPLOYMENT SERVICES PROGRAMS

A. Purpose

Through this focus area RSA assessed the financial management and fiscal accountability of the VR and Supported Employment programs to ensure that funds were being used only for intended purposes; there were sound internal controls and reliable reporting systems; available resources were maximized for program needs; and funds supported the achievement of employment outcomes for individuals with disabilities, including those with the most significant disabilities, and the needs of students with disabilities for pre-employment transition services.

B. Scope of Financial Management Review

During the monitoring process, RSA reviewed the following areas related to financial management and accountability:

Period of Performance

Period of performance is the time during which the non-Federal entity (grantee) may incur new obligations to carry out the work authorized under the Federal award (2 C.F.R. § 200.77). In order to accurately account for Federal and non-Federal funds, the VR agency must ensure that allowable non-Federal and Federal obligations and expenditures are assigned to the correct Federal fiscal year award. RSA uses the financial information reported by the grantee to determine each VR agency's compliance with fiscal requirements (e.g., reservation of funds, matching, maintenance of effort (MOE), etc.). The RSA review team assessed SSB's performance in meeting the period of performance requirements related to the proper assignment of obligations and expenditures to the correct grant awards.

VR Program Match

VR program regulations require the State to incur a portion of expenditures under the VR services portion of the Unified or Combined State Plan from non-Federal funds to meet its cost sharing requirements (34 C.F.R. § 361.60). The required Federal share for expenditures made by the State, including expenditures for the provision of VR services and the administration of the VR services portion of the Unified or Combined State Plan, is 78.7 percent. The State's share is 21.3 percent. The RSA review team assessed SSB's performance in meeting the non-Federal requirements for the VR program, including whether the matching level was met, if the sources of match were consistent with Federal requirements, and whether the State had any applicable MOE issues.

The RSA review team addressed requirements pertaining to the following sources of non-Federal share used by the State as the match for the VR program:

- State appropriations and interagency transfers; and

- Randolph-Sheppard set-aside.

Supported Employment Program Match

Supported Employment program regulations require that the State expend 50 percent of its total Supported Employment program allotment for the provision of supported employment services, including extended services, to youth with the most significant disabilities. The Supported Employment program funds required to be reserved and expended for services to youth with the most significant disabilities are awarded through the SE-B grant award. The Federal share for expenditures from the State's SE-B grant award is 90 percent. The statutorily required 10 percent match requirement applies to the costs of carrying out the provision of supported employment services, including extended services, to youth with the most significant disabilities. This means that the 10 percent is applied to the combined total Federal and non-Federal expenditures incurred for this purpose, and that the non-Federal share must also be spent on the provision of supported employment services, including extended services, to youth with the most significant disabilities.

The RSA review team assessed the matching requirements for the Supported Employment program, including an assessment of whether the matching level was met, as well as whether the sources of the match were consistent with Federal requirements.

Prior Approval

The Uniform Guidance (2 C.F.R. § 200.407) requires prior written approval (prior approval) for various grant award activities and proposed obligations and expenditures. RSA reviews and approves prior approval requests on behalf of the Department of Education. The RSA review team examined SSB's internal controls to ensure that the VR agency is meeting the prior approval requirements.

Vendor Contracts

The RSA team reviewed three areas related to vendor contracts:

- Determining rates of payment;
- Supporting documentation for payments; and
- Contract monitoring.

This review area included contracts for the provision of pre-employment transition services.

C. Findings and Corrective Actions

RSA's review of SSB's performance in this focus area resulted in the identification of the following finding and the corresponding corrective actions to improve performance.

4.1 Maintenance of Effort Reporting

Issue: Whether the VR agency reported all allowable non-Federal expenditures under the VR program on its SF-425 reports, which RSA uses to determine whether the agency satisfied its match and MOE requirements under the VR program.

Requirement: Section 101(a)(3) of the Rehabilitation Act of 1973 (Rehabilitation Act) requires that the VR services portion of the Unified or Combined State Plan must assure that the State will provide the non-Federal share (21.3 percent) “of **the cost** of carrying out [the VR program]” (emphasis added).

The VR regulations at 34 C.F.R. § 361.60(b) identify the general non-Federal share requirements for the VR program. The regulation at 34 C.F.R. § 361.60(b)(1) requires that non-Federal expenditures made under the VR services portion of the Unified or Combined State Plan to meet the non-Federal share for the VR program must be consistent with the Uniform Guidance at 2 C.F.R. § 200.306(b). Consistent with 2 C.F.R. § 200.306(b)(3) and (4), all non-Federal costs incurred by the VR agency, must be allowable, reasonable, and allocable under the VR program in accordance with 2 C.F.R. §§ 200.403 through 200.405. In addition, all costs must be verifiable (2 C.F.R. § 200.306(b)(1)).

In addition to the match (non-Federal share) requirement, Section 111(a)(2)(B) of the Rehabilitation Act requires the State to satisfy a MOE requirement:

(B) The amount otherwise payable to a State for a fiscal year under this section shall be reduced by the amount by which expenditures from non-Federal sources under the State plan under this title for any previous fiscal year are less than the **total of such expenditures** for the second fiscal year preceding that previous fiscal year (emphasis added).

The VR regulations at 34 C.F.R. § 361.62 reinforce that MOE is calculated based on the total non-Federal expenditures incurred under the VR program:

(a) General requirements. The Secretary reduces the amount otherwise payable to a State for any fiscal year by the amount by which the **total expenditures** from non-Federal sources under the vocational rehabilitation services portion of the Unified or Combined State Plan for any previous fiscal year were less than the **total of those expenditures** for the fiscal year two years prior to that previous fiscal year (emphasis added).

Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5) outline the allowable expenditures that States can make on services to groups related to the Business Enterprise Program (BEP) under the Randolph-Sheppard Act with Federal VR funds, and therefore with non-Federal match funds. Specifically, Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5) make clear that the following VR services to groups are allowable:

1) management services and supervision provided by the VR agency, 2) the acquisition by the VR agency of vending facilities or other equipment, 3) the purchase of initial stocks and supplies, and 4) initial operating expenses.

Section 107b(3) of the Randolph-Sheppard Act (20 U.S.C. § 107, et. seq.) permits States to cause to be set aside from the net proceeds of the operation of vending facilities in the State, funds that may be used by the State for certain purposes set forth in the law and described more fully in the regulations at 34 C.F.R. § 395.9. Pursuant to 34 C.F.R. § 395.1(s), “Set-aside funds” means funds which accrue to a State licensing agency from an assessment against the net proceeds of each vending facility in the State’s vending facility program and any income from vending machines on Federal property which accrues to the State licensing agency. Section 395.9(b) provides that funds may be set aside only for the purposes of—

- (1) Maintenance and replacement of equipment;
- (2) The purchase of new equipment;
- (3) Management services;¹
- (4) Assuring a fair minimum return to vendors; or
- (5) The establishment and maintenance of retirement or pension funds, health insurance contributions, and provision for paid sick leave and vacation time....

There are three categories of expenditures from a State’s set-aside funds that are also allowable VR expenditures for services to groups under 34 C.F.R. § 361.49(a)(5): replacement of equipment, the purchase of new equipment, and management services. In addition, the [Uniform Administrative Requirements, Cost Principles, And Audit Requirements For Federal Awards](#) (Uniform Guidance), issued by the Office of Management and Budget (OMB) and codified at 2 C.F.R. part 200, makes allowable the expenditure of Federal funds (and, thus, matching non-Federal funds) on maintenance and repair of equipment in order to keep the equipment in efficient operating condition (2 C.F.R. § 200.452). Therefore, any State expenditure from the set-aside funds for these purposes (i.e., maintenance and replacement of equipment, the purchase of new equipment and management services) must be used for VR match and counted for MOE purposes under the VR program because they would be among the total expenditures incurred under the VR program. RSA’s PAC-89-02 (January 3, 1989) and PD-99-05 (March 19, 1999) are consistent with the statutory and regulatory requirements just described with respect to the use of Randolph-Sheppard program set-aside funds for allowable VR program purposes, including for satisfying match and MOE requirements.

Finally, as a recipient of Federal VR funds, SSB assures in its VR services portion of its Combined State Plan that it will have methods of administration to ensure the proper and efficient administration of the VR program. These procedures must ensure accurate data collection and financial accountability (34 C.F.R. § 361.12). Pursuant to 2 C.F.R. § 200.302(a), SSB must have a financial management system that is capable of accounting for all funds under the VR program and for preparing reports required by the VR program.

¹ Randolph-Sheppard regulations define “Management services” as “supervision, inspection, quality control, consultation, accounting, regulating, in-service training, and other related services provided on a systematic basis to support and improve vending facilities that are operated by blind vendors. “Management services” does not include those services or costs which pertain to the ongoing operation of an individual facility after the initial establishment period.” (34 C.F.R. § 395.1(j)). The definition of “Management services and supervision in the VR regulations is almost the same, except that management services may be provided throughout the operation of the small business enterprise, rather than only for the initial establishment period. (34 C.F.R. § 361.49(a)(5)(i)).

Analysis: During the on-site review, RSA and SSB reviewed the non-Federal share expenditures reported on the agency's SF-425 reports for the VR program, which RSA uses to determine whether the State of Minnesota has satisfied the match and MOE requirements under the VR program. While reviewing those reported non-Federal expenditures, RSA and SSB also reviewed the sources of those non-Federal expenditures, including non-Federal expenditures paid by SSB with set-aside funds generated under the Randolph-Sheppard program, as it is allowed to do in its capacity as a State Licensing Agency (SLA) for that program.

As the SLA, SSB collects set-aside funds from Randolph-Sheppard vending facilities in the State. SSB incurs allowable VR expenditures in accordance with Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5), using these set-aside funds as match for the VR program. SSB informed RSA during the on-site monitoring activities that it follows the procedures for completing SF-425 reports that its DSA developed, the DEED Uniform Guidance Implementation Procedures (DEED Procedures) for the SF-425 report. With respect to expenditures incurred with the use of set-aside funds as a source of non-Federal funds, the SF-425 completion instruction policy in the DEED Procedures requires SSB to include set-aside expenditures pulled from three activity codes contained in its State accounting system—5401, 5402, and 5403, which are the purchase of new equipment, expenditures for maintenance of equipment, and the purchase of replacement equipment, respectively. These DEED Procedures do not require SSB to report expenditures incurred under activity codes 5405 and 528, both related to management services and supervision—another allowable cost under the VR program that may be paid with set-aside funds. However, RSA's review of SSB's BEP Procedures Manual found that, according to those BEP Procedures, the agency primarily uses the set-aside funds for expenditures related to management services and supervision activities, not expenses related to equipment (i.e., activity codes 5401, 5402, and 5403 discussed above).

During and after the on-site activities, RSA pursued the issue regarding the non-reporting of non-Federal expenditures incurred with set-aside funds under activity codes 5405 and 528 for management services and supervision to determine whether SSB incurred any expenditures for these costs during the period covered by the on-site review that should have been reported as non-Federal expenses on SSB's SF-425s. As part of its efforts, RSA reviewed the accounting structure documentation and BEP Set-Aside Detail report provided by SSB, and identified multiple accounting entries for activity codes 528, related to management services and supervision, paid with Randolph-Sheppard set-aside funds. Specifically, the documentation RSA reviewed identifies \$219,348 in management services and supervision expenditures assigned to activity code 528 that were incurred under the VR program and paid with Randolph-Sheppard set-aside funds for FFY 2017. A review of the BEP Match Detail report data for FFY 2017 indicated only \$1,045 of management and supervision set-aside expenditures from activity code 528 were included in the total non-Federal expenditures on line 10j of the agency's FFY 2017 VR SF-425 report. As a result, \$218,303 of management and supervision expenditures paid with Randolph-Sheppard set-aside funds were not reported by SSB in the total non-Federal expenditures on line 10j of its SF-425 for FY 2017, as they should have been done in accordance with Sections 101(a)(3) and 111(a)(2)(B) of the Rehabilitation Act; 34 C.F.R. §§ 361.12, 361.60(b)(1), and 361.62(a); and 2 C.F.R. § 200.302(a). As a result, these non-Federal expenditures were not included in the calculations, as they should have been, that RSA did to determine whether the State of Minnesota satisfied its match and MOE requirements for FFY

2017, as well as its MOE requirement for FFY 2019, since that year’s MOE compliance is based on a comparison of the total non-Federal expenditures incurred in FFY 2017.

When RSA questioned SSB management and fiscal specialists about this discrepancy while on-site, RSA was informed that SSB primarily reports expenditures related to equipment in accordance with the DEED Procedures for completing the SF-425, which requires only that SSB report non-Federal expenditures paid with set-aside funds for the purchase and maintenance of equipment (i.e., activity codes 5401, 5402, and 5403). During the on-site monitoring activities, SSB management informed RSA that SSB did not include non-Federal expenditures for management services and supervision, paid with set-aside funds, because they were “volatile” and were not needed by SSB to satisfy the match requirement under the VR program. With respect to the last part of the explanation (i.e., that the expenditures were not needed by SSB to meet its match requirement), this statement is consistent with the general operation procedures and habits of the agency. RSA’s review of SSB’s SF-425s over the years revealed that SSB consistently ensures that it reports enough non-Federal expenditures on each of its SF-425s to ensure the State satisfies both the match and MOE requirements under the VR program, with minimal deficits or excess reported.

While it would be possible for a State to report exactly enough non-Federal expenditures to satisfy its match and MOE requirements under the VR program, doing so would be in compliance with Federal requirements only if those amounts accurately represent the **total amount** of allowable expenditures incurred in carrying out the VR program (Sections 101(a)(3) and 111(a)(2)(B) of the Rehabilitation Act and 34 C.F.R. §§ 361.60(b)(1) and 361.62(a)). Allowable expenditures are those that are necessary, reasonable and allocable to the program and that satisfy all programmatic requirements (2 C.F.R. §§ 200.403 through 200.405). Pursuant to 34 C.F.R. § 361.3, funds under the VR program may be used to cover the costs of providing VR services and administering the VR program. VR services include the activities related to the BEP and Randolph-Sheppard vending facilities—the acquisition of facilities and equipment, and initial stocks and supplies, initial operating expenses, and management services and supervision (Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5)), as well as maintenance and repair of equipment in order to keep the equipment in efficient operating condition (Uniform Guidance at 2 C.F.R. § 200.452). Therefore, all expenditures incurred for these purposes, whether with Federal VR funds or non-Federal funds, including set-aside funds to the extent allowable as described above, are allowable costs incurred by SSB while carrying out the VR program.

As required by Section 101(a)(3) of the Rehabilitation Act, the State must assure in its VR services portion of its Combined State Plan that it will provide the non-Federal share—21.3 percent—of the cost of carrying out the VR program. This provision makes clear that the non-Federal share requirement is based on “the cost of carrying out” the program, which would be the entire cost of carrying out the VR program—not a partial cost. Therefore, all allowable non-Federal expenditures incurred under the VR program for the BEP in accordance with Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5) and in accordance with requirements for the use of set-aside funds as described above, including those paid with set-aside funds for management services and supervision consistent with 34 C.F.R. §§ 395.1(j) and 395.9(b), must be reported on line 10j of SSB’s VR SF-425 reports for its non-Federal

expenditures incurred under the VR program. PD-15-05 (February 5, 2015), which transmitted the SF-425 and its instructions relevant to the VR program and that was in effect at the time of this monitoring activity, makes clear that SSB must use Line 10j to “[e]nter the total amount of non-Federal VR expenditures incurred for the reporting period.” Only by SSB accurately reporting all set-aside expenditures that qualify for VR match, as SSB is required to do in accordance with Section 101(a)(3) of the Rehabilitation Act and 34 C.F.R. §§ 361.12 and 361.60(b)(1) and 2 C.F.R. § 200.302(a), will RSA be able to determine, with certainty, that the State has satisfied its match requirement under 34 C.F.R. § 361.60(b).

Furthermore, RSA relies on the total non-Federal expenditures reported by SSB on Line 10j of the SF-425s to ensure that the State has satisfied its MOE requirement under Section 111(a)(2)(B) of the Rehabilitation Act and 34 C.F.R. § 361.62. Both the statute and its implementing regulation make clear that MOE is determined by comparing the “total” amount of non-Federal expenditures in a particular fiscal year with the “total” amount of non-Federal expenditures from two fiscal years prior to that year. Again, both the statute and regulation make clear that MOE is based on the total amount of non-Federal expenditures, not just a partial amount. Therefore, SSB must report all non-Federal expenditures incurred under the VR program, including management services and supervision paid with BEP set-aside funds, on Line 10j of its SF-425 reports for purposes of the VR program. Only by SSB accurately reporting all set-aside expenditures allowable for match, as SSB is required to do in accordance with Section 101(a)(3) of the Rehabilitation Act and 34 C.F.R. §§ 361.12 and 361.60(b)(1) and 2 C.F.R. § 200.302(a), will RSA be able to determine, with certainty, whether the State satisfied its MOE requirement under Section 111(a)(2)(B) of the Rehabilitation Act and 34 C.F.R. § 361.62.

Conclusion: For the reasons described above, RSA finds that SSB did not report all of its non-Federal expenditures on its SF-425 reports, particularly those expenditures for management services and supervision paid with Randolph-Sheppard set-aside funds in FFY 2017 totaling \$218,303, as it was required to do pursuant to 34 C.F.R. § 361.12 and 2 C.F.R. § 200.302 and consistent with the instructions for completing Line 10j as set forth in PD-15-05. As a result, RSA has not been able to determine, with certainty, whether the State of Minnesota has met its match and MOE requirements under the VR program for the period covered by this review.

Corrective Actions 4.1 RSA requires that SSB—

- 4.1.1 Revise and implement policies and procedures related to tracking and reporting expenditures from all non-Federal sources to ensure that SSB correctly accounts for and reports all such allowable VR program expenditures, particularly those non-Federal expenditures paid with set-aside funds for management services and supervision of vending facilities, so that RSA has the requisite data to determine whether the State has satisfied its VR program match and MOE requirements;
- 4.1.2 Revise SF-425 reports for the period covered by this monitoring activity (FFY 2016 through FFY 2018), as applicable, to reflect an accurate total amount of all non-Federal expenditures and ensure an accurate reporting of all non-Federal expenditures, particularly those paid with set-aside funds for management services and supervision of vending facilities, regardless of the source. RSA will review the revised SF-425 reports to determine whether the State met its match and MOE requirement for the affected fiscal years and will take further action, if needed, to remedy any deficits; and

4.1.3 Ensure that SF-425 reports for all subsequent fiscal years will include a complete and accurate total of all non-Federal expenditures incurred under the VR program, specifically with respect to those expenditures for management services and supervision paid with set-aside funds.

VR Agency Response: We agree that we need to accurately report all set-aside expenditures and to adjust the procedures on what is coded as set-aside.

We disagree with the way this finding is written:

1. In the analysis, all references to the matching requirements should be removed as we do not have a matching issue. The report is written as though we have both a match and MOE issue. Rather, this is solely about MOE. We understand this may be boilerplate language; however, it can be confusing to the reader.
2. The report indicates that we are out of compliance with PAC-89-02. This PAC is no longer consistent with current statutes or regulations. For example, it makes references to the VR program regulations 34 CFR 361.72; there is no such item in the current regulations. In addition, it references guidance in 34 CFR 74 (EDGAR), which is no longer in effect. We request references to PAC-89-02 be removed.
3. In the conclusion, RSA states that it has not been able to determine with certainty whether we have met our match and MOE requirements for the VR program. Including the additional \$218,303 of set-aside is going to give additional matching funds. The reference to match should be removed from the conclusion because we have met our match requirements.

Furthermore, the monitoring report narrative indicates:

“any State expenditure from the set aside for these purposes (i.e., maintenance and replacement of equipment, the purchase of new equipment and management services) must be used for VR match and counted for MOE purposes under the VR program because they would be among the total expenditures incurred under the VR program. RSA’s PAC-89-02 (January 3, 1989) and PD-99-05 (March 19, 1999) are consistent with the statutory and regulatory requirements just described with respect to the use of Randolph-Sheppard program set-aside funds for allowable VR program purposes, including for satisfying match and MOE requirements.”

In our review of the regulations, as well as RSA-provided technical assistance, we located two fiscal training presentations from 2010 and 2018. In both trainings, the following was indicated:

“To the extent R-S set aside are spent on the specific activities include in 34 CFR 361.49 A (5) Services to Groups, then these expenditures may be counted towards VR match”.

We cannot locate any statutory or regulation that indicates we must count the funds towards VR match.

PAC-89-02 also indicates:

“4. Expenditures Made by the State Vending Facility Programs from Set-Aside Funds Which are Eligible for Federal Matching

As noted earlier, SLAs are authorized under the Randolph-Sheppard Act to set aside funds for the purposes set forth in the statute. Under 34 CFR 361.72(b) such expenditures in turn are considered as expenditures of State funds for Federal matching purposes.

However, only three of the purposes for which funds may be set-aside under the Randolph-Sheppard Act are eligible for Federal financial participation under the Rehabilitation Act, as amended. These are purchases of new equipment, the replacement of equipment, and management services and supervision.

It is also important to emphasize the Federal financial participation is available in certain types of expenditures for which funds may not be set-aside under the Randolph-Sheppard Act. These are: the purchase of initial stocks and supplies for vending facilities, and the training of operators as a rehabilitation service under the Rehabilitation Act as provided under 20 U.S.C. Sec. 107d-4.”

The program assistance circular’s language does not require a state to report on all set-aside funds used for maintenance and replacement of equipment, purchase of new equipment, and management services as part of match. Rather, these items are “eligible” for match and “may” be used as set-aside. There is also no reference to maintenance of effort.

As part of our review of how we are currently reporting on set-aside, we learned that set-aside funds mean “any income from vending machines on **federal** property.” We have been coding income from both **federal** and **state** properties jointly and not separating those two out. This means that even though we may have been underreporting our set-aside amount as it relates to management services, we were also including amounts that did not need to be reported. For example, we pay for new equipment using the rest area fund, which is on **state-run properties**. We have been reporting that as set-aside on our SF-425. This amounts to about \$22,915 on the 2017 report. We also receive a small commission from a state university. We believe we will need to reduce those amounts from how much we reported since it is not considered set-aside. We are going to be revising our coding structure to separate out federal and state property income.

RSA Response: RSA appreciates SSB’s Response, specifically that the agency agrees it must accurately report all set-aside expenditures and amend its procedures with respect to which fund sources should be coded as “set-aside funds” consistent with Section 107b(3) of the Randolph-Sheppard Act and 34 C.F.R. § 395.1(s). However, for the reasons discussed below, we sustain the Finding.

First, we want to make clear the Finding does not state or imply that RSA has determined that SSB has failed to satisfy either the match or MOE requirement under the VR program. It is important to note that both of these requirements are satisfied at the State level, not the agency level. Therefore, RSA relies on the non-Federal data submitted by both SSB and the Vocational Rehabilitation Services (VRS), also housed within DEED, to determine whether the State of Minnesota has satisfied both requirements in any given Federal fiscal year. SSB’s failure to

report all non-Federal expenditures incurred under the VR program and paid with set-aside funds, specifically those for management services and supervision, means that RSA lacks the complete and accurate total of non-Federal expenditures incurred by the State under the VR program which is necessary for RSA to determine whether the State satisfies the match and MOE requirements each Federal fiscal year.

While we agree with SSB that inclusion of these additional non-Federal grant expenditures from set-aside funds may not affect the agency's ability to meet its own match requirement, with respect to the Federal funds it receives to carry out the VR program for the benefit of blind and visually-impaired Minnesotans, these additional expenditures, once submitted in revised SF-425 reports, could be vitally important at the State level. For example, the \$218,303 in non-Federal set-aside expenditures that SSB under-reported for FFY 2017 could be beneficial, once submitted to RSA in a revised SF-425 report for that Federal fiscal year, in reducing a potential match and MOE deficit for the State as a result of a Finding that was included in the VRS monitoring report for the same period. It is for this reason that we make clear in the Finding that we will use the revised SF-425 reports submitted to determine whether the State, as a whole, has met its match and MOE requirements under the VR program. As you know, when one agency in a State incurs more allowable non-Federal expenditures than necessary, that excess can benefit the other agency if that other agency incurred a deficit of such expenditures during that same Federal fiscal year. For this reason, the discussion of match in this Finding is relevant. However, in response to your comments, we have made a few clarifying edits to the Finding to ensure the discussion of match focuses solely on the State's requirements and not the agency.

Second, we want to clarify that RSA does not find that SSB failed to comply with RSA's PAC-89-02 (January 3, 1989) and PD-99-05 (March 19, 1999). RSA mentions both of these issuances because they are well-known by the VR agencies and have been widely used by the agencies for many years. RSA simply refers to them in the Finding for illustrative purposes and to demonstrate that the requirements, as described throughout the Finding and supported by the Rehabilitation Act, its regulations, and the Uniform Guidance, are long-standing requirements. However, in response to your comments, we have retained reference to the issuances in one sentence in the "Requirements" section, but have deleted all references to the issuances from the "Analysis" section to make clear that these issuances are not the basis for the Finding.

To be clear, RSA finds that SSB did not report all of its allowable non-Federal expenditures from all allowable sources as it is required to do in accordance with Sections 101(a)(3) and 111(a)(2)(B) of the Rehabilitation Act and 34 C.F.R. §§ 361.60(b)(1) and 361.62(a), as well as the administration and financial accountability requirements of 34 C.F.R. § 361.12 and 2 C.F.R. § 200.302, consistent with instructions set forth in PD-15-05. We are not persuaded by SSB's assertion that it could find no statutory or regulatory provisions requiring the reporting of all non-Federal expenditures. As stated many times throughout the Finding, read together, Sections 101(a)(3) and 111(a)(2)(B) of the Rehabilitation Act and 34 C.F.R. §§ 361.60(b)(1) and 361.62(a) require SSB to account for all non-Federal expenditures incurred in carrying out the VR program. This would mean the total amount of expenditures to carry out the entire program, not just some of the expenditures incurred for part of the program. In addition, 34 C.F.R. § 361.12 and 2 C.F.R. § 200.302 require SSB to have procedures that enable it to administer the VR program, account for its funds, and collect data in such a way that enable the agency to submit complete and accurate reports that satisfy program requirements. Finally, PD-15-05

makes clear, in the instructions to Line 10j, that SSB must report “the total amount of non-Federal expenditures” incurred by the agency during the reporting period. RSA provided training on this particular line item at the same conference that SSB references in its Response to the Finding. In its “Financial Reporting” PowerPoint at the Fall CSAVR conference in October 2018, RSA stated on slide #47—

- VR agencies must include all non-Federal expenditures for the VR program even if the amount reported exceeds the amount of non-Federal expenditures required to match the total Federal funds awarded. This information is necessary for RSA to assess whether the State has met its maintenance of effort requirement.

It is important to note that the VR program requirements to account for and report all non-Federal expenditures incurred during a Federal fiscal year have been unchanged for decades. The training in October 2018 was intended as a reminder of all fiscal reporting requirements, not notice of new requirements. Therefore, SSB has been aware of its responsibilities to account for and report all non-Federal expenditures incurred under the VR program. However, in response to SSB’s comments, we have made a few clarifying edits to the Finding to make the Analysis clearer.

We modified the Corrective Actions to require SSB to revise the SF-425 reports for the years affected by this monitoring activity, as necessary, to include any non-Federal expenditures that had been omitted when the reports were submitted initially, such as those paid with set-aside funds for management services and supervision. This corrective action is necessary, as noted in the Finding, so RSA can determine whether the State of Minnesota met its match and MOE requirements in each of the years covered by this monitoring activity.

We also understand from SSB’s response to the Finding that the agency may want to delete certain non-Federal expenditures from the reports because SSB no longer considers them to be paid with “set-aside funds,” as that term is defined at 34 C.F.R. § 395.1(s). We have identified many potential legal issues and factors that must be considered before making any such deletions from the SF-425 reports. Therefore, SSB should obtain technical assistance from its RSA fiscal specialist and RSA Randolph-Sheppard specialist before making such changes to ensure fiscal and programmatic accuracy. As you have requested below, RSA is ready to provide the requested technical assistance, as well as technical assistance on revisions to your SF-425s just described, at your convenience, to assist you with completion of the corrective actions.

For the foregoing reasons, RSA sustains the Finding as modified.

VR Agency Request for Technical Assistance: We are requesting information on all the possible items that would be considered “management services.”

We are requesting information on what is and is not considered “set-aside.” For example, income from vending match.

We are requesting technical assistance around the requirements for reporting income from state properties (e.g. the rest area fund) on the SF-425 for purposes of match and maintenance of effort.

D. Technical Assistance

In the course of the monitoring activities, RSA provided technical assistance to SSB as described below.

- During the on-site visit RSA and SSB discussed the submission of prior approval requests and confirmed the agency was submitting requests as needed. SSB was using the flexibilities provided through TAC-18-02 including the aggregate submission for certain lower risk cost categories subject to prior approval, at the time of the review. RSA provided technical assistance regarding direct costs for clerical and administrative staff identified in Uniform Guidance at 2 C.F.R. § 200.413(c), confirming that direct allocations for State staff from the designated State agency or other support agencies should also be submitted for prior approval. Additionally, discussion of rearrangement and reconversion led to the provision of technical assistance regarding the Davis-Bacon Act for prevailing wages of construction contracts. RSA reminds SSB to review the Frequently Asked Questions (FAQs) Prior Approval—OSEP and RSA Formula Grants, released October 29, 2019, that includes provisions that supersede TAC-18-02 when revisiting the prior approval submission process.
- RSA provided technical assistance regarding contract provisions for non-Federal entities that are identified in Appendix II of Uniform Guidance and 2 C.F.R. § 200.326. All contracts made by the VR agency, as a grantee receiving Federal funds, must contain the applicable provisions in Appendix II. RSA discussed the provisions with the VR agency and suggested that it review the requirements with State procurement and legal staff who are responsible for the contracting process. These efforts will help ensure inclusion of Appendix II provisions in contract terms and conditions or other relevant contract attachments. RSA provided further technical assistance that, while incorporation of these provisions by reference may be permissible if consistent with State law and requirements, incorporation of the contract provisions verbatim facilitates a third party's understanding of the requirements. If, under review, incorporation by reference is determined not enforceable, the grantee is ultimately held accountable. Additionally, RSA provided a minor contract monitoring citation update from expired EDGAR provisions to current provisions within Uniform Guidance (2 C.F.R. § 200.328(a)).
- The State has a standard contract clause that reads—

“Intellectual Property Rights

(A) *Intellectual Property Rights*. The State owns all rights, title, and interest in all of the intellectual property rights, including copyrights, patents, trade secrets, trademarks, and service marks in the Works and Documents *created and paid for under WORK Authorizations*. Works means all inventions, improvements, discoveries (whether or not patentable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, and disks conceived, reduced to practice, created or originated by the Contractor, its employees, agents, and subcontractors, either individually or jointly with others in the performance of this master contract or any WORK Authorization...”

RSA is providing clarification that when Federal funds are used to fund contracts, consistent with language in Uniform Guidance, Appendix II, those contracts must include the applicable Contract Provisions for Non-Federal Entity Contracts Under Federal Awards, including—

“(F) Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of “funding agreement” under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.”

- RSA and SSB reviewed the period of performance requirements, and discussed the critical nature of ensuring all Federal and non-Federal obligations are assigned, tracked and accounted for the appropriate grant and reporting periods, to properly determine the extent to which the VR agency met match, MOE, and Federal carryover requirements. RSA learned from the VR agency and review of policies that it was recording expenditures from the first 15 days following the end of the reporting period as unliquidated obligations on the SF-425 report, which was a result of the State’s efforts to understand and operationalize Minnesota statutory provisions about determining the obligation date. This led to clarification on the requirement to report all non-Federal and Federal unliquidated obligations at the end of SF-425 reporting periods. RSA indicated SSB should revise its policies and procedures for preparing the SF-425 report, with a particular focus on reporting unliquidated obligations.
- The VR agency described a State process affecting Federal VR funds, which are categorized to Budget Authority Code G in the State, applicable to all Federal funds, and is linked to a Fund Code and an Appropriation ID. All Federal fund appropriation budget authority types are set to and remain as ‘G’ (greater of budgeted or collected revenue). This allows the fund to go negative, as the VR agency describes it, which may result in temporary instances when more has been paid than drawn from an award. For the period of the review, the VR agency was approved up to \$12 million for the VR Federal Appropriation ID, which is enough to cover the total amount of the Federal VR formula award and program income combined. The VR agency uses this G fund to promptly pay invoices and obligations, in order to meet its 30-day payment requirements. The fund appears to act like a revolving fund in which funds expended are replaced with funds collected. The VR agency indicated that it typically draws Federal funds within five to six weeks of expenditure.

Despite the funding of the G account with general revenue funds, the State considers them Federal funds. On the surface, it appears that non-Federal funds pay for expenditures, then Federal drawdowns reimburse the fund and are considered collected. Discussions with SSB and DEED indicated that there are no specific accounting

adjustments on the back end to their knowledge (e.g., journaling expenditures from the G fund money to Federal funds, etc.). However, the VR agency uses project codes to account for Federal and non-Federal funds, including reserve funds, for both the VR and Supported Employment programs. Controls seem to be sufficient to ensure the tracking and accounting in this manner is reflective of period of performance and reporting requirements. RSA provided technical assistance that the VR agency should consider drawing down and reconciling Federal fund reimbursement within 30 days, as this would allow the VR agency to complete reconciliation prior to the submission of semi-annual SF-425 reports.

- Program income discussions identified program income that was reported on the fourth quarter FFY 2018 SF-425 report as earned, but not disbursed. RSA reviewed VR program regulations and the requirement to disburse program income prior to requesting additional cash drawdowns from the Federal award (34 C.F.R. § 361.63(c)(3)(ii)). RSA, DEED, and SSB staff members discussed the requirement and RSA learned that DEED and SSB staff members understood it; however, agency staff indicated that Social Security reimbursement program income generated by the VR program in Minnesota is received by another State Department (i.e., Minnesota Treasury), based on State procedures. The VR agency, once notified by the Treasury that program income funds have been received, must complete documentation requesting the funds be released to DEED (the DSA). On SF-425 reports, the program income has historically been reported by the agency as earned when it is received by the State Treasury. To ensure accurate SF-425 reporting, RSA provided technical assistance clarifying that program income is considered earned when received but should also occur at the time the program income funds are available to the grantee (SSB) for disbursement. RSA also provided technical assistance on agency policy language regarding the disbursement of program income, clarifying that program income cannot be obligated, and must be disbursed prior to submitting requests for additional cash draws from the Federal award.
- Discussions about the non-Federal share of the VR program resulted in the identification of an increase in non-Federal share after the fourth quarter for the FFY 2017 VR award. RSA and SSB discussed the MOE requirements, and the agency provided information regarding its request to amend the SF-425 report to reduce the non-Federal share to manage its MOE level. RSA provided technical assistance to SSB about the SF-425 reports for two VR awards with overlapping periods of performance to ensure SSB revised the intended SF-425 reports to accurately reflect the non-Federal expenditures for each VR award.
- RSA and SSB discussed the rate setting requirements that govern all purchased VR services in 34 C.F.R. § 361.50, and the provisions in the Uniform Guidance related to reasonable costs in 2 C.F.R. § 200.404, which the VR agency should consider and incorporate when finalizing its updated written policies governing rates of payment for VR services.
- The RSA team clarified that typical activities of a VR counselor are not considered administrative, and only when a VR counselor is specifically required to participate in an

administrative activity would their time be considered administrative (e.g., strategic planning committee meeting). Administrative costs of the DSU may not be charged to the pre-employment transition services reserve.

SECTION 5: FOCUS AREA – JOINT WORKFORCE INNOVATION AND OPPORTUNITY ACT FINAL RULE IMPLEMENTATION

A. Purpose

The Departments of Education and Labor issued the Workforce Innovation and Opportunity Act (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 Title I of WIOA. These joint regulations apply to all core programs of the workforce development system established by Title I of WIOA and the joint regulations are incorporated into the VR program regulations through subparts D, E, and F of 34 C.F.R. 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.

In FFY 2018, the Employment and Training Administration in the U.S. Department of Labor; the Office of Career, Technical, and Adult Education; and RSA developed the WIOA Shared Monitoring Guide, which is incorporated in this focus area. RSA assessed the VR agency's progress and compliance in the implementation of the Joint WIOA Final Rule through this focus area.

B. Implementation of WIOA Joint Final Rule

The RSA team reviewed the following topical areas: WIOA Partnership, Governance, One-Stop Operations, and Performance Accountability. To gather information pertinent to these topics, RSA staff reviewed a variety of documents including the program year (PY) 2016 Combined State Plan and the PY 2018 modifications; memoranda of understanding (MOUs) including the One-Stop Center Operating Budget and Infrastructure Funding Agreement (IFA) related to the one-stop service delivery system; and other supporting documentation related to the four topical areas.

WIOA Partnership

WIOA requires States and local areas to enhance coordination and partnerships with local entities and supportive service agencies for strengthened service delivery, including through Unified/Combined State Plans. Beyond the partnerships reflected in the Governance and One-Stop Operations sections of this focus area, Federal partners thought it was important for Federal agencies to inquire about the broader partnership activities occurring to implement many of the approaches called for within WIOA, such as career pathways and sector strategies. These require robust relationships across programs and with businesses, economic development, education, and training institutions, including community colleges and career and technical education local

entities, and supportive service agencies. Exploring how these activities are led and sustained may be useful in assessing how these initiatives are progressing within a State.

Minnesota has sixteen local workforce areas and six regional workforce development areas, which the State uses to collect and analyze labor market information and inform its planning. DEED serves as the lead agency responsible for the collection and reporting of the annual statewide performance report, implementation of the six regional plans, and the WIOA Combined State Plan.

The Governor's Workforce Development Board (GWDB) leads the development and continuous improvement of the workforce development system in Minnesota through its committees. To support and maintain these partnerships, the State partners established five committees, following the passage of WIOA, which serve as the coordinating group for a variety of interagency activities:

- Career Pathways Partnership Committee;
- Executive Initiatives Committee;
- Operations Priorities Committee;
- Racial Equity in Education, Training, and Employment; and
- Disabilities Equity in Education, Training and Employment Committee.

The committees work to implement innovative strategies by focusing on employer engagement; improve system alignment and connections; build career pathways and industry and sector partnerships; support skills development programs; access local labor market analysis; define requirements and assess one-stop career centers; engage community systems by convening, brokering and leveraging with business, community, education, and agency partners; and evaluate performance measures designed to measure the effectiveness and continuous improvement of the service delivery systems.

The GWDB also focuses on the disparities in education and employment and the development of successful employer-led sector strategies. Minnesota has set priorities on addressing the skills of the current and future workforce to meet the demands of industry sectors. The GWDB, in partnership with the combined partners, identified five industry sectors which represent the greatest opportunity for growth, employment, and livable wages—construction, healthcare, manufacturing, natural resources, and professional and business services. These industries all represent opportunities to develop the skills needed in multiple occupations within their sectors and transferable skills between sectors such as information technology.

Governance

State Workforce Development Boards (SWDBs) and Local Workforce Development Boards (LWDBs), which should include representation from all six core programs, including the VR program, set strategy and policies for an aligned workforce development system that partners with the education continuum, economic development, human services, and businesses. The VR representative on the SWDB must be an individual who has optimum policymaking authority for the VR program, and each LWDB is required to have at least one representative from programs

carried out under Title I of the Rehabilitation Act of 1973 (other than Section 112 or part C of that Title).

SWDB

The GWDB, Minnesota's SWDB, has 53 members on the board and had plans to transition to 42 voting members in the fall of 2019 at the time of the on-site visit. The SWDB reviews statewide programs and policies to ensure Minnesota's workforce development system is useful, accessible, and understandable to all customers. SWDB members are appointed by the Governor and the SWDB operates according to Minnesota statutory requirements and board bylaws. Organizationally, the SWDB is housed within DEED. The SWDB develops a statewide workforce development policy framework and drives coordination and collaboration among programs and agencies.

SSB, one of the State's two VR agencies administering the VR program, one of the core workforce development programs that is authorized under the Rehabilitation Act, as amended by Title IV of WIOA, is housed in DEED, which also houses other core partners in the workforce development system that are authorized under Titles I and III of WIOA. DEED is overseen by a Commissioner, with each of the programs housed within that Department administered by a director or assistant commissioner specific to that program.

At the time of RSA's monitoring of the VR program, SSB was represented on the SWDB by the Commissioner of DEED, who also represents other core programs, namely the Adult, Dislocated Worker, Youth, and Wagner-Peyser Employment Services programs. However, the approved PY 2020 Combined State Plan indicates that the DEED Commissioner no longer represents SSB or VRS on the SWDB. Instead, the VR program is represented by VRS.

LWDB

There are 16 LWDBs established to represent each local workforce area in the State of Minnesota. SSB is not represented on the local boards, but VRS regional coordinators and office managers represent the VR program on each of these 16 local boards.

One-Stop Operations

The one-stop delivery system brings 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 receiving assistance. One-stop partners administer separately funded programs as a set of integrated streamlined services to customers.

Minnesota operates 16 comprehensive American Job Centers (AJCs) and 33 affiliate AJC sites throughout the State. During the on-site visit, SSB reported that all workforce partners work together to ensure that participants are co-enrolled so its customers can benefit from multiple programs and services with the goal of helping them achieve employment. SSB and VRS staff participated in cross-training of the core and required partners, to prepare for implementing the

comprehensive one-stop center goals. The staff learned about all of the WIOA core and required partners' program services and referral processes.

RSA learned the State's AJCs developed a comprehensive approach to ensure accessibility and inclusion of all customers, including those with disabilities, to all facilities, programs, and services. Physical and programmatic accessibility are continuously evaluated with annual Americans with Disabilities Act (ADA) assessment, and continuous improvement strategies are planned and implemented when needed.

SSB also reported that the WIOA core partners collaborated to develop policies, procedures, and best practices to facilitate the integration of services to ensure job seekers' needs were being met and referrals to other resources were successful. DEED has encouraged co-enrollment across the State's AJCs to coordinate cohesive and consistent services that complement and strengthen the services offered by each individual program. Local management teams, representing partner agencies at the AJCs, collaborate to ensure that services provided in each locality were coordinated and non-duplicative. These teams also address customer flow, shared resources, co-enrollment, special initiatives, programs, and area workforce needs.

All AJCs, as reported by SSB, use universal design, and provide printed materials in all accessible formats. All posters, flyers, brochures, etc. used common principles throughout the design. The outreach and marketing materials developed for distribution from the AJCs to partners, job seekers, and employers contain notice of the availability of auxiliary aids and services for needed accommodations to access programs and services, and each AJC location employed appropriate signage identifying the services available to customers.

Performance Accountability

Section 116 of WIOA establishes performance accountability indicators and performance reporting requirements to assess the effectiveness of States and local areas in achieving positive outcomes for individuals served in the workforce development system. WIOA requires that these requirements apply across all six core programs, with a few exceptions. RSA reviewed the VR agency's progress and implementation of performance accountability measures and data sharing and matching requirements.

DEED, in partnership with the Department of Human Services (DHS), has procured Workforce One, a web-based client management application to track employment and training services to more than 100,000 customers across Minnesota's one-stop network. SSB also uses the case management system to collect data related to measurable skill gains (MSG) and credentials attainment information from its clients.

Currently, customer co-enrollments are not tracked in Workforce One, and the agency relies on individual self-reporting. However, discussions are underway at the SWDB level to begin addressing this issue.

The Workforce Innovation Technical Assistance Center (WINTAC) conducted extensive training with SSB staff and, at the time of the review, was planning to provide additional trainings. At the time of the on-site visit, RSA reviewed the credential attainment and MSG

guides released by the WINTAC and RSA with the agency. During the on-site review, RSA discussed that the purpose of the guides is to provide technical assistance to agencies to understand the requirements of recognized education and training programs related to the credential attainment and MSG indicators, and to develop policies and procedures using Federal joint guidance.

Effectiveness in Serving Employers

At the time of the on-site visit, the State partners selected the “Retention with the Same Employer” and “Employer Penetration Rate” pilot measures approaches in collecting data on the “Effectiveness in Serving Employers” indicator; the partners have not added a State-specific approach.

C. Findings and Corrective Actions

RSA’s review of SSB’s performance in this focus area resulted in the identification of the following finding and the corresponding corrective actions to improve performance.

5.1 Funding One-Stop Infrastructure Costs Under the VR Program

Issue: Whether SSB’s process for reconciling the VR program’s proportionate amount of the one-stop system’s infrastructure and additional costs satisfies 34 C.F.R. §§ 361.13, 361.715(a)(4) and 361.755(b).

Requirement: Pursuant to 34 C.F.R. § 361.13(b)(1)(ii), the DSU for the VR program—SSB in Minnesota—must have a full-time director who is responsible for the day-to-day operations of the VR program. As such, the DSU has the sole responsibility to allocate and expend VR funds (34 C.F.R. §§ 361.13(b)(1)(v), 361.13(c)(1)(iv), and 361.13(c)(2)). Moreover, the DSU has sole responsibility for the VR program’s participation as a partner in the one-stop service delivery system (34 C.F.R. §§ 361.13(c)(1)(v) and 361.13(c)(2)).

As a required one-stop partner, pursuant to joint one-stop regulations at 34 C.F.R. § 361.400(b)(4), a VR agency must contribute toward the one-stop system’s infrastructure costs in a manner that is based on—

- A reasonable cost allocation methodology by which infrastructure costs are charged to each partner based on proportionate use and relative benefit received;
- Federal cost principles; and
- Any local administrative cost requirements in the Federal law authorizing the partner's program. (This is further described in 34 C.F.R. § 361.700 (34 C.F.R. § 361.420(b)(2)).

Infrastructure costs are non-personnel costs necessary for the general operations of the one-stop centers (34 C.F.R. § 361.700(a)). Partner infrastructure contributions must be made in accordance with Federal cost principles in Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), which requires that all costs be allowable, reasonable, necessary, and allocable to the program (34 C.F.R.

§ 361.700(c)). Partner infrastructure shares must be periodically reviewed and reconciled against actual costs incurred, and adjusted to ensure that actual costs charged to any one-stop partners are proportionate to the use of the one-stop center and relative to the benefit received by the one-stop partners and their respective programs or activities (34 C.F.R. § 361.715(a)(4)).

Pursuant to 34 C.F.R. § 361.755(b), each local area's Memorandum of Understanding (MOU) (described in 34 C.F.R. § 361.500) must include an infrastructure and shared services budget that will be periodically reconciled against actual costs incurred and adjusted accordingly to ensure that it reflects a cost allocation methodology that demonstrates how costs are charged to each partner in proportion to its use of the one-stop center and relative benefit received, and complies with 2 C.F.R. part 200.

The U.S. Departments of Education and Labor provided extensive guidance regarding the funding of the one-stop system's infrastructure costs in both the joint one-stop regulations ([Federal Register notice 81 FR 55791](#)), published August 19, 2016, and in technical assistance circular (RSA-TAC-17-03), published January 18, 2017.

Analysis: During the on-site monitoring process, RSA discussed joint implementation of one-stop requirements with staff from SSB, as well as staff from the designated State agency (DSA), DEED. RSA inquired about the Governor's guidance for use by local areas regarding one-stop infrastructure funding (34 C.F.R. § 361.705). The guidance is intended to assist local areas in establishing appropriate roles and approaches to allocate infrastructure costs and determining partner infrastructure contributions consistent with Uniform Guidance Federal cost principles, based on partners proportionate use and relative benefits received. DEED staff indicated that the Governor relied on DEED, its commissioner, and one-stop partners to implement the one-stop process, leading to a policy DEED issued in April 2018, that addresses infrastructure funding agreements (IFAs). Despite the policy title referencing infrastructure costs, it also appears to include additional costs that partners contribute, in accordance with 34 C.F.R. § 361.760.

The policy includes a section on reconciliation, which indicates that data sources used to allocate costs in IFAs will be reviewed for statistical fluctuations on a bi-annual basis. However, the policy states that "If any allocations deviate more than 5% during a review, this is considered to be a material change and adjusting reconciliation payments will be required." Material changes that occur in consecutive reviews will result in a new IFA completed within three months, coordinated by DEED. There is a subsequent section in the policy for IFA amendments, which references a substantial change, generally interpreted as more than 5 percent deviation of allocation percentages within the IFA. During the on-site discussions, RSA inquired into the responsible entity in local areas that conducts the periodic review and reconciliation and learned from DEED that the review is conducted by its own staff, not the local areas.

The Uniform Guidance provisions indicate that costs are allocable when they are chargeable or assignable to a Federal award in proportion to relative benefits received. Neither the Uniform Guidance nor joint implementation provisions for the one-stop service delivery system identify or permit the allocation of costs based on a minimum threshold, or for the reconciliation of partner shares to actual costs based on proportionate use and relative benefits received by one-stop partners. The Uniform Guidance does indicate that any cost allocable to a particular Federal

award may not be charged to other Federal awards to overcome fund deficiencies; to avoid Federal statutory, regulatory or grant award restrictions; or for any other reason (2 C.F.R. § 200.405(c)).

SSB is the entity designated in the State to administer the VR program, and for the allocation and expenditure of VR funds under its role as a one-stop partner, as required by 34 C.F.R. §§ 361.13(b)(1)(v), 361.13(c)(1)(iv) and (v). As such, SSB must remain solely responsible for the expenditure and allocation of VR funds, including the assurance that budgeted or initial infrastructure costs, as well as additional costs, are reconciled to actual costs. While SSB is not required to function as the entity conducting the periodic reconciliation of one-stop infrastructure and additional costs, the reconciliation process agreed to at the local area must be implemented in such a manner that all partners can ensure costs charged to their grant awards are consistent with Uniform Guidance and joint one-stop service delivery provisions, meaning partner contributions reflect proportionate use and relative benefits received by partners (34 C.F.R. §§ 361.700(c), 361.715(a)(4), and 361.755(b)).

Conclusion: As a result of this analysis, RSA is unable to determine the extent to which SSB met joint one-stop funding requirements in 34 C.F.R. part 361, subpart F, related to MOU and allocable infrastructure and additional cost requirements because periodic reconciliation has been conducted based on a minimum threshold that is not reflective of partner contributions charged consistent with proportionate use and relative benefits received.

Corrective Action Steps: RSA requires that SSB—

- 5.1.1 Retain sole responsibility for its non-delegable functions as a DSU, as required by 34 C.F.R. § 361.13; and
- 5.1.2 Work with LWDBs, chief elected officials, and one-stop partners to develop and implement procedures to periodically review and reconcile one-stop partner infrastructure and additional costs to actual cost based on partners proportionate use and relative benefits received, as required in 34 C.F.R. §§ 361.700(c), 361.715(a)(4), and 361.755(b).

VR Agency Response: We agree with this finding and are in the process of implementing a new IFA policy across partners. With the new IFA policy effective 10/1/2020, the DSU will now be involved in a yearly reconciliation process to ensure IFA costs charged to the program are reasonable, allocable, allowable, and necessary. The SSB Director is the signatory for each IFA where SSB staff are located. The DSU is solely responsible for the allocation and expenditure of VR funds.

The new IFA policy specifies conducting required periodic reconciliation of costs by April of each year to ensure new purchase requests are submitted accurately prior to each state fiscal year. Program fiscal staff will work with the IFA coordinator to reconcile the costs on IFAs. The new policy also eliminates the 5% threshold.

The supervisors of staff located in one-stop centers are responsible for reviewing IFA cost requests, directing prior approval needs to the MN-B Director and Fiscal Coordinator, communicating with one-stop partners of any approval/disapprovals, and working with

administrative staff to ensure purchase orders are in place. The Director is a partner in the IFA process and works in collaboration with the LWDBs and one-stop partners to develop policies and procedures for each IFA. The new policy is attached with this response.

RSA Response: RSA appreciates the efforts Minnesota has made toward implementing the new IFA policies across partners. Once the corrective action plan has been developed, RSA will work with SSB to determine if the updated policies meet the Federal requirements.

VR Agency Request for Technical Assistance: None at this time.

APPENDIX A: STATE VOCATIONAL REHABILITATION SERVICES AND STATE SUPPORTED EMPLOYMENT SERVICES PROGRAMS PERFORMANCE TABLES

Note: Calculations for these tables can be found in Appendix C of the MTAG.

Table 1—MN SSB VR Agency Profile (PY 2017)

Table 2—MN SSB Summary Statistics from RSA 113 (FFYs 2016-2018)

Table 3—MN SSB Number and Percentage of Participants Served by Primary Disability Type (PY 2017)

Table 4—MN SSB Number and Percentage of Individuals Exiting at Various Stages of the VR Process (PY 2017)

Table 5—MN SSB Number and Percentage of Individuals Exiting by Reason during the VR Process (PY 2017)

Table 6—MN SSB VR Services Provided to Participants (PY 2017)

Table 7—MN SSB Number of Measurable Skill Gains Earned, Number of Participants Who Earned Measurable Skill Gains, and Types of Measurable Skill Gain (PY 2017)

Table 8—MN SSB Median Hourly Earnings, Median Hours Worked per Week, Sources of Support, and Medical Insurance Coverage for Participants Who Exited with Competitive Integrated Employment or Supported Employment (PY 2017)

Table 9—MN SSB Standard Occupational Classification (SOC) Titles (Major Groups): Percentages of Employment Outcomes and Median Hourly Earnings for Participants Who Exited with Competitive Employment or Supported Employment (PY 2017)

Table 10—MN SSB Number of Participants Who Exited with Competitive Integrated Employment or Supported Employment by the Most Frequent SOC Title (PY 2017)

Table 11—MN SSB Number of Students with Disabilities Reported, and the Number and Percentage of Students with Disabilities Who Received Pre-Employment Transition Services (PY 2017)

Table 12—MN SSB Number and Percentage of Required Pre-Employment Transition Services Provided (PY 2017)

Table 1—MN SSB VR Agency Profile (PY 2017)

VR Agency Profile Data	Number/Percentage
Employment Rate	47.3%
Number of Participants Exiting in Competitive Integrated Employment or Supported Employment	97
Measurable Skill Gains Performance Indicator	16.0%
Percentage of Participants Eligible for Measurable Skill Gains	14.1%
Percentage of Timely Eligibility Determinations	97.5%
Percentage of Eligibility Determination Extensions	2.0%
Percentage of Timely IPE Development	71.8%
Number of Applicants	276
Number of Individuals Determined Eligible	248
Number of Individuals with an IPE and No VR Services Provided	69
Number of Participants (with an IPE and VR Services Provided)	238

Table 2—MN SSB Summary Statistics from RSA-113 (FFYs 2016-2018)

Performance Category	FFY 16	FFY 17	FFY 18
Total Applicants	267	295	276
Total Eligible Individuals (Before IPE)	300	322	283
Agency Implementing Order of Selection	Yes	Yes	Yes
Individuals on Order of Selection Waiting List at Year-End	1	19	3
Percentage of Eligible Individuals with IPE Who Received No Services	13.3%	19.9%	11.7%
Individuals with IPE Receiving Services	854	863	836

Table 3—MN SSB Number and Percentage of Participants Served by Primary Disability Type (PY 2017)

Primary Disability Type by Group	Number of Participants	Percent
Visual	787	93.0%
Auditory or Communicative	59	7.0%
Physical	0	0.0%
Cognitive	0	0.0%
Psychological or Psychosocial	0	0.0%

Detailed Primary Disability Type	Number of Participants	Percent
Blindness	551	65.1%
Other Visual Impairments	236	27.9%
Deafness, Primary Communication Visual	0	0.0%
Deafness, Primary Communication Auditory	0	0.0%
Hearing Loss, Primary Communication Visual	0	0.0%
Hearing Loss, Primary Communication Auditory	0	0.0%
Other Hearing Impairments (Tinnitus, Meniere's Disease, hyperacusis, etc.)	0	0.0%
Deaf-Blindness	59	7.0%
Communicative Impairments (expressive/receptive)	0	0.0%
Mobility Orthopedic/Neurological Impairments	0	0.0%
Manipulation/Dexterity Orthopedic/Neurological Impairments	0	0.0%
Both Mobility and Manipulation/Dexterity Orthopedic/Neurological Impairments	0	0.0%
Other Orthopedic Impairments (e.g., limited range of motion)	0	0.0%
Respiratory Impairments	0	0.0%
General Physical Debilitation (e.g., fatigue, weakness, pain, etc.)	0	0.0%
Other Physical Impairments (not listed above)	0	0.0%
Cognitive Impairments (e.g., impairments involving learning, thinking, processing information and concentration)	0	0.0%
Psychosocial Impairments (e.g., interpersonal and behavioral impairments, difficulty coping)	0	0.0%
Other Mental Impairments	0	0.0%

Table 4—MN SSB Number and Percentage of Individuals Exiting at Various Stages of the VR Process (PY 2017)

Number of Individuals Who Exited the VR Program		266
Exit Type	Number of Individuals	Percent
Individual exited as an applicant, prior to eligibility determination or trial work experience	7	2.6%
Individual exited during or after a trial work experience	0	0.0%
Individual exited after eligibility, but from an order of selection waiting list	1	0.4%
Individual exited after eligibility, but prior to a signed IPE	42	15.8%
Individual exited after an IPE without an employment outcome	108	40.6%
Individual exited after an IPE in noncompetitive and/or nonintegrated employment	0	0.0%
Individual exited after an IPE in competitive and integrated employment or supported employment	97	36.5%
Individual exited as an applicant after being determined ineligible for VR services	11	4.1%
Potentially eligible individual exited after receiving pre-employment transition services and has not applied for VR services	0	0.0%

Supported Employment	Number of Participants
Number of Participants Who Exited with a Supported Employment Outcome in Competitive Integrated Employment	2
Number of Participants Who Exited with a Supported Employment Outcome in Noncompetitive and/or Nonintegrated Employment	0

Table 5—MN SSB Number and Percentage of Individuals Exiting by Reason during the VR Process (PY 2017)

Reason for Exit	Number of Individuals	Percent
Individual is No Longer Available for Services Due to Residence in an Institutional Setting Other Than a Prison or Jail	0	0.0%
Health/Medical	6	2.3%
Death of Individual	5	1.9%
Reserve Forces Called to Active Duty	0	0.0%
Foster Care	0	0.0%
Ineligible after determined eligible	16	6.0%
Criminal Offender	0	0.0%
No Disabling Condition	2	0.8%
No Impediment to Employment	2	0.8%
Does Not Require VR Service	0	0.0%
Disability Too Significant to Benefit from Service	0	0.0%
No Long-Term Source of Extended Services Available	0	0.0%
Transferred to Another Agency	14	5.3%
Achieved Competitive Integrated Employment Outcome	97	36.5%
Extended Employment	4	1.5%
Extended Services Not Available	0	0.0%
Unable to Locate or Contact	47	17.7%
No Longer Interested in Receiving Services or Further Services	72	27.1%
All Other Reasons	5	1.9%
Number of Individuals Who Exited the VR Program	266	

Table 6—MN SSB VR Services Provided to Participants (PY 2017)

Total Number of Participants Who Received VR Services	846
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Training Services Provided to Participants	Number of Participants	Percent
Graduate Degree Training	24	2.8%
Bachelor’s Degree Training	63	7.4%
Junior or Community College Training	29	3.4%
Occupational or Vocational Training	8	0.9%
On-the-Job Training	13	1.5%
Apprenticeship Training	0	0.0%
Basic Academic Remedial or Literacy Training	0	0.0%
Job Readiness Training	8	0.9%
Disability Related Skills Training	271	32.0%
Miscellaneous Training	13	1.5%
Randolph-Sheppard Entrepreneurial Training	2	0.2%
Customized Training	0	0.0%

Career Services Provided to Participants	Number of Participants	Percent
Assessment	44	5.2%
Diagnosis and Treatment of Impairment	10	1.2%
Vocational Rehabilitation Counseling and Guidance	845	99.9%
Job Search Assistance	116	13.7%
Job Placement Assistance	65	7.7%
Short-Term Job Supports	19	2.2%
Supported Employment Services	2	0.2%
Information and Referral Services	842	99.5%
Benefits Counseling	24	2.8%
Customized Employment Services	25	3.0%
Extended Services (for youth with the most significant disabilities)	0	0.0%

Other Services Provided to Participants	Number of Participants	Percent
Transportation	235	27.8%
Maintenance	121	14.3%
Rehabilitation Technology	275	32.5%
Personal Attendant Services	2	0.2%
Technical Assistance Services	4	0.5%
Reader Services	0	0.0%
Interpreter Services	14	1.7%
Other Services	148	17.5%

Table 7—MN SSB Number of Measurable Skill Gains Earned, Number of Participants Who Earned Measurable Skill Gains, and Types of Measurable Skill Gains (PY 2017)

Measurable Skill Gains Earned and Participants Earning Measurable Skill Gains	Number
Number of Measurable Skill Gains Earned	31
Number of Participants Who Earned a Measurable Skill Gains	19

Types of Measurable Skill Gains	Number
Educational Functioning Level	4
Secondary Diploma	10
Postsecondary Transcript/Report Card	11
Training Milestone	3
Skills Progression	3

Table 8—MN SSB Median Hourly Earnings, Median Hours Worked per Week, Sources of Support and Medical Insurance Coverage for Participants Who Exited with Competitive Integrated Employment or Supported Employment (PY 2017)

Median Hourly Earnings and Hours Worked per Week at Exit

Number of Participants Who Exited in Competitive and Integrated Employment or Supported Employment	97
Median Hourly Earnings at Exit	\$13.44
Median Hours Worked per Week at Exit	29

Primary Source of Support at Exit	Number of Participants	Percent
Personal Income	29	29.9%
Family and Friends	36	37.1%
Public Support	27	27.8%
Other Sources	5	5.2%

Public Support at Exit	Number of Participants	Percent
Social Security Disability Insurance (SSDI) at Exit	31	32.0%
Supplemental Security Income (SSI) for the Aged, Blind, or Disabled at Exit	16	16.5%
Temporary Assistance for Needy Families (TANF) at Exit	1	1.0%
General Assistance (State or local government) at Exit	1	1.0%
Veterans' Disability Benefits at Exit	0	0.0%
Workers' Compensation at Exit	0	0.0%
Other Public Support at Exit	7	7.2%

Medical Insurance Coverage at Exit	Number of Participants	Percent
Medicaid at Exit	0	0.0%
Medicare at Exit	19	19.6%
State or Federal Affordable Care Act Exchange at Exit	1	1.0%
Public Insurance from Other Sources at Exit	2	2.1%
Private Insurance Through Employer at Exit	0	0.0%
Not Yet Eligible for Private Insurance Through Employer at Exit	1	1.0%
Private Insurance Through Other Means at Exit	0	0.0%

Table 9— MN-SSB Standard Occupational Classification (SOC) Titles (Major Groups): Percentages of Employment Outcomes and Median Hourly Earnings for Participants Who Exited with Competitive Integrated Employment or Supported Employment (PY 2017)

SOC Title	Number of Participants	Median Hourly Earnings
Office and Administrative Support Occupations	19	\$12.0
Sales and Related Occupations	11	\$10.3
Education, Training, and Library Occupations	10	\$17.7
Management Occupations	7	\$10.5
Production Occupations	6	\$9.5
Arts, Design, Entertainment, Sports, and Media Occupations	5	\$25.0
Community and Social Services Occupations	5	\$15.0
Computer and Mathematical Occupations	5	\$14.0
Business and Financial Operations Occupations	4	\$27.2
Personal Care and Service Occupations	3	\$12.0
Transportation and Material Moving Occupations	3	\$12.5
Building and Grounds Cleaning and Maintenance Occupations	3	\$13.8
Food Preparation and Serving Related Occupations	3	\$9.5
Healthcare Support Occupations	3	\$10.4
Installation, Maintenance, and Repair Occupations	3	\$11.0
Legal Occupations	2	\$195.0
Healthcare Practitioners and Technical Occupations	2	\$28.0
Architecture and Engineering Occupations	1	\$14.0
Randolph-Sheppard vending facility operator	1	\$20.0
Life, Physical, and Social Science Occupations	1	\$20.0
Military Specific Occupations	0	NA
Farming, Fishing, and Forestry Occupations	0	NA
Constructive and Extraction Occupations	0	NA
Protective Service Occupations	0	NA
Randolph-Sheppard vending facility clerk	0	NA

Table 10—MN SSB Number of Participants Who Exited with Competitive Integrated Employment or Supported Employment by the Most Frequent SOC Title (PY 2017)

No.	SOC Title	Number of Participants	Median Hourly Earnings
1	Stock Clerks and Order Filers	9	\$10.8
2	Teacher Assistants	4	\$14.0
3	Nursing Assistants	3	\$10.4
4	Retail Salespersons	3	\$10.3
5	Computer Systems Analysts	2	\$34.8
6	Computer User Support Specialists	2	\$14.0
7	Maids and Housekeeping Cleaners	2	\$ 9.5
8	Dishwashers	2	\$ 9.5
9	Receptionists and Information Clerks	2	\$12.0
10	First-Line Supervisors of Retail Sales Workers	2	\$ 27.1

Table 11—MN SSB Number of Students with Disabilities Reported, and the Number and Percentage of Students with Disabilities Who Received Pre-Employment Transition Services (PY 2017)

Students with Disabilities	Number/Percentage of Students
Total Students with Disabilities Reported	228
Students with Disabilities Reported with 504 Accommodation	10
Students with Disabilities Reported with IEP	215
Students with Disabilities Reported without 504 Accommodation or IEP	3
Total Students with Disabilities Who Received a Pre-Employment Transition Service	129
Potentially Eligible Students with Disabilities Who Received a Pre-Employment Transition Service	4
Students with Disabilities, Who Applied for VR Services, and Received a Pre-Employment Transition Service	125
Percentage of Students with Disabilities Reported Who Received a Pre-Employment Transition Service	56.6%

Table 12—[MN SSB Number and Percentage of Required Pre-Employment Transition Services Provided (PY 2017)

Pre-Employment Transition Services	Number of Pre-Employment Transition Services Provided	Percent of Total Pre-Employment Transition Services Provided
Total Pre-Employment Transition Services Provided	452	
Job Exploration Counseling	62	13.7%
Work Based Learning Experiences	112	24.8%
Counseling on Enrollment Opportunities	41	9.1%
Workplace Readiness Training	193	42.7%
Instruction in Self Advocacy	44	9.7%

APPENDIX B: SERVICE RECORD REVIEW RESULTS

Participants who Exited with Competitive Integrated Employment or Supported Employment

Data Element	Number with required documentation	Percent (of 20) with required documentation	Number without required documentation	Percent (of 20) without required documentation
Date of Application	16	80%	4	20%
Date of Eligibility Determination	13	65%	7	35%
Date of IPE	16	80%	4	20%
Start Date of Employment in Primary Occupation at Exit or Closure	12	60%	8	40%
Hourly Wage at Exit or Closure	15	75%	5	25%
Employment Status at Exit or Closure	11	55%	9	45%
Type of Exit or Closure	12	60%	8	40%
Date of Exit or Closure	14	70%	6	30%

Summary of Service Record Review for Participants who Exited with Competitive Integrated Employment or Supported Employment

Summary	Number	Percent (of 20)
Service Records with all required documentation for Data Elements	4	20%
Service Records without all required documentation for Data Elements	16	80%

Reporting Considerations: Information in Supporting Documentation, Case Management System, and RSA-911

Data Element	Number (of 20) where All Information Matches	Percent (of 20) where All Information Matches	Number (of 20) where All Information Does Not Match	Percent (of 20) where All Information Does Not Match
Date of Application	16	80%	4	20%
Date of Eligibility Determination	13	65%	7	35%
Date of IPE	16	80%	4	20%

Start Date of Employment in Primary Occupation at Exit or Closure	12	60%	8	40%
Hourly Wage at Exit or Closure	15	75%	5	25%
Date of Exit or Closure	14	70%	6	30%

Participants who Earned Measurable Skill Gains (MSG)

Data Element (MSG Types as applicable)	Number with required documentation	Percent (of 20) with required documentation	Number without required documentation	Percent (of 20) without required documentation
Start Date of Initial VR Service on or after IPE	10	58.8%	7	41.2%
Date Enrolled During Program Participation in an Education or Training Program Leading to a Recognized Postsecondary Credential or Employment	5	29.4%	12	70.6%
Date of Most Recent MSG: Educational Functioning Level	0		3	
Date of Most Recent MSG: Secondary Transcript Report Card	0		9	
Date of Most Recent MSG: Postsecondary Transcript/Report Card	5		11	
Date of Most Recent MSG: Training Milestone	0		4	
Date of Most Recent MSG: Skills Progression	0		3	

Summary of Service Record Review of Participants who Earned Measurable Skill Gains (MSG)

Summary	Number	Percent (of 20)
Service Records with all required documentation for Data Elements (as applicable)	2	11.8%
Service Records without all required documentation for Data Elements (as applicable)	15	88.2%

Reporting Considerations: Information in Supporting Documentation, Case Management System, and RSA-911

Data Element (MSG Types as applicable)	Number of Service Records where All Information Matches	Percent (of 20) where All Information Matches	Number of Service Records where All Information Does Not Match	Percent (of 20) where All Information Does Not Match
Start Date of Initial VR Service on or after IPE	10	58.8%	7	41.2%
Date Enrolled During Program Participation in an Education or Training Program Leading to a Recognized Postsecondary Credential or Employment	5	29.4%	12	70.6%
Date of Most Recent MSG: Educational Functioning Level	0		3	
Date of Most Recent MSG: Secondary Transcript Report Card	0		9	
Date of Most Recent MSG: Postsecondary Transcript/Report Card	5		11	
Date of Most Recent MSG: Training Milestone	0		4	
Date of Most Recent MSG: Skills Progression	0		3	

APPENDIX C: FISCAL DATA TABLES

Note: Calculations for these tables can be found in Appendix F of the MTAG.

VR Resources and Expenditures—FFYs 2016–2018

VR Resources and Expenditures	2016	2017	2018*
Total program expenditures	\$11,144,540	\$11,519,193	\$9,847,510
Federal expenditures	\$8,770,354	\$9,005,850	\$7,385,268
State agency expenditures (4 th quarter)	\$2,374,176	\$2,502,083	\$2,462,242
State agency expenditures (latest/final)	\$2,374,186	\$2,513,343	\$2,462,242
Federal formula award amount	\$8,659,155	\$8,655,850	\$8,900,641
Reserve amount required for pre-employment transition services (15 percent)	-	-	-
Amount expended on pre-employment transition services	-	-	-
Percentage expended on pre-employment transition services	\$111,199	\$350,000	-
MOE penalty from prior year	-	-	-
Federal award amount relinquished during reallocation	-	-	-
Federal award amount received during reallocation	\$8,770,354	\$9,005,850	\$8,900,641
Federal funds transferred from State VR agency	-	-	-
Federal funds transferred to State VR agency	\$8,770,354	\$9,005,850	\$8,900,641
Federal award amount (net)	101.28%	104.04%	100.00%
Federal award funds deobligated	-	-	\$0
Federal award funds used	2016	2017	2018*
Percent of formula award amount used	\$11,144,540	\$11,519,193	\$9,847,510
Federal award funds matched but not used	\$8,770,354	\$9,005,850	\$7,385,268

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

Non-Federal Share and Maintenance of Effort—FFYs 2016–2018

Non-Federal Share (Match) and Maintenance of Effort (MOE)	2016	2017	2018*
Match required per net award amount	\$2,373,679	\$2,437,416	\$2,408,941
Match provided (actual)	\$2,374,176	\$2,502,083	\$2,462,242
Match difference**	-\$497	-\$64,667	-\$53,301
Federal funds matched (actual)	\$8,770,354	\$9,005,850	\$8,900,641
Percent Federal funds matched	100.00%	100.00%	100.00%
MOE required	\$2,373,679	\$2,500,000	\$2,374,176
MOE: Establishment/construction expenditures	-	-	-
MOE actual	\$2,374,176	\$2,502,083	\$2,462,242
MOE difference**	-\$497	-\$2,083	-\$88,066

* 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.

Program Income and 4th Quarter Data—FFYs 2016–2018

Program Income and 4th Quarter Data	2016	2017	2018*
Program income received	\$1,387,258	\$576,148	\$1,527,034
Program income disbursed	\$1,387,258	\$576,148	\$1,527,034
Program income transferred	\$300,000	-	\$300,000
Program income used for VR program	\$1,087,258	\$576,148	\$1,227,034
Federal grant amount matched (4 th quarter)	\$8,770,354	\$9,005,850	\$8,900,641
Federal expenditures (4 th quarter)	\$6,431,703	\$7,346,562	\$7,385,268
Federal unliquidated obligations (4 th quarter)	\$867,808	\$853,637	-

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