

**Fiscal Year 2012
Monitoring Report
on the
Rhode Island Department of
Human Services
Office of Rehabilitation Services
Program**



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

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SECTION 1: EXECUTIVE SUMMARY

Background

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

Through its monitoring of the VR and SE programs administered by the Rhode Island Department of Human Services Office of Rehabilitation Services (ORS) in federal fiscal year (FY) 2012, RSA:

- reviewed the VR agency's progress toward implementing recommendations based on observations identified during the prior monitoring cycle (FY 2007 through FY 2010);
- reviewed the VR agency's performance in assisting eligible individuals with disabilities to achieve high-quality employment outcomes;
- recommended strategies to improve performance and required corrective actions in response to compliance findings related to three focus areas, including:
 - organizational structure requirements of the designated state agency (DSA) and the designated state unit (DSU);
 - transition services and employment outcomes for youth with disabilities; and
 - the fiscal integrity of the VR program;
- identified emerging practices related to the three focus areas and other aspects of the VR agency's operations; and
- provided technical assistance to the VR agency to enable it to enhance its performance and to resolve findings of noncompliance.

The nature and scope of this review and the process by which RSA carried out its monitoring activities, including the conduct of an on-site visit from March 26 through March 29, 2012, is described in detail in the FY 2012 Monitoring and Technical Assistance Guide for the Vocational Rehabilitation Program.

Emerging Practices

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

Outreach to Unserved and Underserved Individuals

- Asperger's Project: The Asperger's Project provides an array of vocational services to individuals on the Autism spectrum through a partnership with the Groden Center/Cove Center, an organization in Rhode Island recognized for its expertise in providing services to individuals with Autism.

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

Summary of Observations

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

Transition Services and Employment Outcomes for Youth with Disabilities

- The ORS service delivery system capacity appears to be strained with respect to its staff resources despite the implementation of an order of selection, and this may be a contributing factor to the increasing number of individuals exiting prior to eligibility.

Summary of Compliance Findings

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

- ORS is not meeting its established 90-day time standard for the development of IPEs.
- The current agreement with the State Education Agency (SEA) does not describe outreach procedures to identify students with disabilities needing transition services who are not receiving special education services.
- ORS has not disbursed available program income prior to drawing down federal VR funds.
- The cooperative agreement between ORS and the Rhode Island Department of Elementary and Secondary Education (RIDE) is not in compliance with the requirements for third-party arrangements; therefore, non-federal expenditures resulting from the arrangements are not a permissible source of match for the program. In addition ORS does not properly monitor the service provision contracts related to this agreement.

Development of the Technical Assistance Plan

RSA will collaborate closely with ORS and the New England TACE center (N. E. TACE) to develop a plan to address the technical assistance needs identified by ORS in Appendix A of this report. RSA, ORS and N. E. TACE will conduct a teleconference within 60 calendar days following the publication of this report to discuss the details of the technical assistance needs,

identify and assign specific responsibilities for implementing technical assistance and establish initial timeframes for the provision of the assistance. RSA, ORS and N. E. TACE will participate in teleconferences at least semi-annually to gauge progress and revise the plan as necessary.

Review Team Participants

Members of the RSA review team included James Billy, Suzanne Mitchell, Janette Shell (Technical Assistance Unit); Tanielle Chandler (Fiscal Unit); Melissa Diehl, David Wachter, Larry Vrooman (Vocational Rehabilitation Unit); Yann-Yann Shieh, (Data Collection and Analysis Unit); and Elizabeth Akinola (Independent Living Unit). Although not all team members participated in the on-site visit, each contributed to the gathering and analysis of information, along with the development of this report.

Acknowledgements

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

SECTION 2: PERFORMANCE ANALYSIS

This analysis is based on a review of the VR programmatic data contained in Table 2.1 and 2.2 below and is intended to serve as a broad overview of the VR program administered by ORS. It should not be construed as a definitive or exhaustive review of all available agency VR program data. As such, the analysis does not necessarily capture all possible programmatic trends. In addition, the data in Table 2.1 measure performance based on individuals who exited the VR program during federal fiscal year 2006 through 2011. Consequently, the table and accompanying analysis do not provide information derived from ORS open service records including that related to current applicants, individuals who have been determined eligible and those who are receiving services. ORS may wish to conduct its own analysis, incorporating internal open caseload data, to substantiate or confirm any trends identified in the analysis.

Performance Analysis

VR Program Analysis

Table 2.1
ORS Program Performance Data for Federal FY 2006 through Federal FY 2011

All Individual Cases Closed	Number, Percent, or Average	2006	2007	2008	2009	2010	2011	Change from 2006 to 2011	Agency Type 2010
TOTAL CASES CLOSED	Number	2,411	2,304	1,978	2,101	2,812	2,352	-59	281,286
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-2.4%	100.0%
Exited as an applicant	Number	162	159	134	254	405	477	315	47,487
	Percent	6.7%	6.9%	6.8%	12.1%	14.4%	20.3%	194.4%	16.9%
Exited during or after trial work experience/extended evaluation	Number	2	6	11	27	6	4	2	1,708
	Percent	0.1%	0.3%	0.6%	1.3%	0.2%	0.2%	100.0%	0.6%
TOTAL NOT DETERMINED ELIGIBLE	Number	164	165	145	281	411	481	317	49,195
	Percent	6.8%	7.2%	7.3%	13.4%	14.6%	20.5%	193.3%	17.5%
Exited without employment after IPE, before services	Number	75	74	103	96	182	145	70	5,824
	Percent	3.1%	3.2%	5.2%	4.6%	6.5%	6.2%	93.3%	2.1%
Exited from order of selection waiting list	Number	19	10	6	6	14	40	21	1,390
	Percent	0.8%	0.4%	0.3%	0.3%	0.5%	8.4%	110.5%	0.5%
Exited without employment after eligibility, before IPE	Number	922	811	530	514	810	505	-417	68,696

All Individual Cases Closed	Number, Percent, or Average	2006	2007	2008	2009	2010	2011	Change from 2006 to 2011	Agency Type 2010
	Percent	38.2%	35.2%	26.8%	24.5%	28.8%	21.5%	-45.2%	24.4%
TOTAL EXITED AFTER ELIBIBILITY, BUT PRIOR TO RECEIVING SERVICES	Number	1,016	895	639	616	1,006	690	-326	75,910
	Percent	42.1%	38.8%	32.3%	29.3%	35.8%	29.3%	-32.1%	27.0%
Exited with employment	Number	736	745	750	756	568	717	-19	78,860
	Percent	30.5%	32.3%	37.9%	36.0%	20.2%	30.5%	-2.6%	28.0%
Exited without employment	Number	495	499	444	448	827	464	-31	77,321
	Percent	20.5%	21.7%	22.4%	21.3%	29.4%	19.7%	-6.3%	27.5%
TOTAL RECEIVED SERVICES	Number	1,231	1,244	1,194	1,204	1,395	1,181	-50	156,181
	Percent	51.1%	54.0%	60.4%	57.3%	49.6%	50.2%	-4.1%	55.5%
EMPLOYMENT RATE	Percent	59.79%	59.89%	62.81%	62.79%	40.72%	60.71%	1.54%	50.49%
Transition age youth	Number	951	889	802	757	988	829	-122	100,116
	Percent	39.4%	38.6%	40.5%	36.0%	35.1%	35.2%	-12.8%	35.6%
Transition aged youth employment outcomes	Number	259	269	274	275	187	286	27	27,745
	Percent	35.2%	36.1%	36.5%	36.4%	32.9%	39.9%	10.4%	35.2%
Competitive employment outcomes	Number	683	690	718	728	556	700	17	73,995
	Percent	92.8%	92.6%	95.7%	96.3%	97.9%	97.6%	2.5%	93.8%
Supported employment outcomes	Number	116	102	101	112	71	104	-12	7,004
	Percent	15.8%	13.7%	13.5%	14.8%	12.5%	14.5%	-10.3%	8.9%
Average hourly wage for competitive employment outcomes	Average	\$10.24	\$10.47	\$10.70	\$10.61	\$11.76	\$10.89	\$0.65	\$11.33
Average hours worked for competitive employment outcomes	Average	28.4	27.1	26.8	26.4	26.7	26.6	-1.8	31.4
Competitive employment outcomes at 35 or more hours per week	Number	291	256	270	254	189	243	-48	38,784
	Percent	39.5%	34.4%	36.0%	33.6%	33.3%	33.9%	-16.5%	49.2%
Employment outcomes meeting SGA	Number	407	371	391	373	315	365	-42	48,900
	Percent	55.3%	49.8%	52.1%	49.3%	55.5%	50.9%	-10.3%	62.0%

All Individual Cases Closed	Number, Percent, or Average	2006	2007	2008	2009	2010	2011	Change from 2006 to 2011	Agency Type 2010
Employment outcomes with employer-provided medical insurance	Number	71	76	79	60	33	52	-19	18,791
	Percent	9.6%	10.2%	10.5%	7.9%	5.8%	7.3%	-26.8%	23.8%

VR Performance Trends

Positive Trends

ORS demonstrated positive trends in performance related to serving transition-age youth, competitive employment outcomes and supported employment outcomes. The percentage of transition-age youth served by ORS remained between 35 percent and 40 percent from FY 2006 through FY 2011 compared to the national combined agency average of 35.6 percent in FY 2010. In addition, employment outcomes achieved by transition-age youth increased slightly from 35.2 percent in FY 2006 to 39.9 percent in FY 2011. For transition-age youth who exited the VR program with employment outcomes, the percent of those who achieved competitive employment outcomes increased from 92.8 percent in FY 2006 to 97.6 percent in FY 2011. The percentage of individuals who achieved supported employment outcomes remained between 12.5 percent and 15.8 percent over the performance period, above the national average of 8.9 percent for combined agencies in fiscal year 2010. The overall percentage of individuals who did not achieve successful employment remained stable throughout the performance period at around 20 percent compared to a national average of 27.5 percent.

Trends Indicating Potential Risk to the Performance of the VR Program

During the six-year period between FY 2006 and FY 2011, ORS experienced several trends that indicate potential risk to VR program performance. The percentage of individuals who were not determined eligible increased from 6.8 percent in FY 2006 to 20.5 percent in FY 2011. The percentage of individuals who received VR services from ORS under an individualized plan for employment (IPE) decreased from 60.4 percent in FY 2008 to 49.6 percent in FY 2010, falling below the national average for combined VR agencies of 55.5 percent.

As demonstrated in Table 2.1, the average hours worked for individuals who achieved competitive employment outcomes decreased from 28.4 in FY 2006 to 26.6 in FY 2011, lower than the national combined agency average of 31.4 hours worked in FY 2010. The percentage of individuals who achieved competitive employment outcomes working at 35 or more hours per week decreased from 39.5 percent in FY 2006 to 33.9 percent in FY 2011 significantly below the national combined agency average of 49 percent in FY 2010. The percentage of individuals whose earnings were above the threshold of substantial gainful activity as defined by the Social Security Administration remained relatively stable from FY 2006 to FY 2011 at around 52 percent, below the national average of 62 percent. Similarly, a decrease occurred in the percentage of individuals who received employer-provided medical benefits from 9.6 percent in

FY 2006 to 7.3 percent in FY 2010, much lower than the national combined agency average of 23.8 percent in FY 2010.

ORS experienced a significant overall decline in the percentage of individuals who achieved an employment outcome in FY 2010 as indicated in Table 2.1. Total employment outcomes decreased from 30.5 percent in FY 2006 to 20.2 percent in FY 2010.

Throughout the course of the review, RSA discussed with ORS both the positive performance trends and those that posed potential risk to the VR program. ORS indicated its intent to conduct further analyses to determine the factors contributing to its performance related to the number and percentage of individuals exiting the VR service delivery system following application, the total number and percentage of individuals not determined eligible, and the total number and percentage of individuals exiting after eligibility prior to receiving services. ORS cited several explanations for the performance trends, including:

- lack of timely IPE development;
- increase in referrals from other sources;
- counselor difficulty in tracking and maintaining contact with applicants; and
- insufficient time to provide the necessary vocational guidance and counseling to keep individuals engaged in the VR process.

ORS requested assistance in analyzing its performance in achieving quality employment outcomes for transition-age youth as it is investing a tremendous amount of resources into transition service delivery in Rhode Island. Over the six year period, Rhode Island saw a decline in average hours worked for competitive employment outcomes, percentage of competitive employment outcomes at 35 or more hours per week, and percentage of individuals who received employer-provided medical benefits, all of which are indicators of quality employment outcomes.

RSA and ORS agreed that continued analysis of factors that contribute to individuals exiting the VR program at various points in the service delivery process can enable the agency to serve more individuals, improve its employment rate, and increase quality employment outcomes.

Fiscal Analysis

Table 2.2
Rhode Island Fiscal Performance Data for Federal FY 2007 through Federal FY 2011

VR Fiscal Profile	Quarter	2007	2008	2009	2010	2011
Grant amount per MIS	4 th	10,276,323	10,427,658	10,704,195	13,007,431	15,593,474
	Latest/ Final*	10,276,323	10,427,658	10,704,195	13,007,431	
Total outlays	4 th	8,294,335	9,724,400	12,581,016	14,080,220	11,984,243
	Latest/ Final*	13,057,590	13,249,883	13,601,563	16,527,897	
Total unliquidated obligations	4 th	538,513	302,214	826,450	0	409,505
	Latest/ Final*	0	0	0	0	

VR Fiscal Profile	Quarter	2007	2008	2009	2010	2011
Federal Share of Total Outlays	4 th	5,513,068	6,902,175	9,683,648	10,559,754	7,666,004
	Latest/ Final*	10,276,323	10,427,658	10,704,195	13,007,431	
Federal share of unliquidated obligations	4 th	538,513	302,214	826,450	0	409,505
	Latest/ Final*	0	0	0	0	
Total federal share	4 th	6,051,581	7,204,389	10,510,098	10,559,754	8,075,509
	Latest/ Final*	10,276,323	10,427,658	10,704,195	13,007,431	
Recipient funds	4 th	2,781,267	2,822,225	2,897,368	3,520,466	4,318,239
	Latest/ Final*	2,781,267	2,822,225	2,897,368	3,520,466	
Recipient share of unliquidated obligations	4 th	0	0	0	0	0
	Latest/ Final*	0	0	0	0	
Agency actual match (total recipient share)	4 th	2,781,267	2,822,225	2,897,368	3,520,466	4,318,239
	Latest/ Final*	2,781,267	2,822,225	2,897,368	3,520,466	
Agency required match	4 th	1,492,101	1,868,060	2,620,860	2,857,977	2,074,789
	Latest/ Final*	2,781,267	2,822,225	2,897,069	3,520,436	
Over/under match	4 th	-1,289,166	-954,165	-276,508	-662,489	-2,243,450
	Latest/ Final*	0	0	-299	-30	
MOE**	4 th			2,897,368	3,520,466	
	Latest/ Final*					
Unobligated funds qualifying for carryover	4 th	4,224,742	3,223,269	194,097	2,447,667	7,877,965
	Latest/ Final*	0	0	0	0	
Total program income realized	4 th	187,201	179,663	352,055	280,036	467,836
	Latest/ Final*	187,201	179,663	352,055	280,036	
Total indirect costs	4 th	471,775	376,826	175,895	-	-
	Latest/ Final*	593,548	465,245	331,057	-	

*Denotes Final or Latest SF-269 or SF-425 Submitted

** Based upon Final or Latest SF-269 or SF-425 Submitted

RSA reviewed fiscal performance data from federal FY 2007 through federal FY 2011. Based on the data in the table above, the agency met the required level of match in each fiscal year reviewed. The entire recipient, non-federal share was provided through state appropriations. The data also indicate that the agency's federal grant award amount increased from \$10,276,323 in FY 2007 to \$15,953,474 in FY 2011, representing an increase of 55.2 percent. Carryover levels have fluctuated over the five-year span, from a low of \$194,097 (28 percent of the federal award) in FY 2009 \$7,877,965 (49.3 percent of the federal award) in FY 2011. The agency met its maintenance of effort requirements, both as an agency and on a statewide basis for each fiscal year reviewed.

The U.S. Department of Human Services is the cognizant agency for ORS and is responsible for approving its cost allocation plans. According to the table, no indirect costs were reported as charged against the federal award in FY 2010 and FY 2011.

SECTION 3: EMERGING PRACTICES

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

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

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

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

Outreach to Unserved and Underserved Individuals

Asperger's Project: ORS provides an array of vocational services to individuals with Asperger's syndrome through a partnership with the Groden Center/Cove Center, a recognized program in Rhode Island that serves individuals on the autism spectrum. This project incorporates individualized discovery based vocational assessment, vocational training integrated with job club instruction including social skills, communication, self-advocacy, job search, interviewing, transportation training, and money management. Additionally, there is a coordinated link between the individual, staff, and family members throughout the process. Both supported and non-supported employment job coaching services are provided as well as job development and placement services. The goal is to increase employment outcomes in integrated settings at or above competitive wages.

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

SECTION 4: RESULTS OF PRIOR MONITORING ACTIVITIES

During its review of the VR and SE programs in federal FY 2012, RSA assessed progress toward the implementation of recommendations accepted by ORS resulting from the prior monitoring review in FY 2007 and the resolution of compliance findings from that review.

Recommendations

In response to RSA's monitoring report dated September 07, 2007 ORS accepted the recommendations listed in the following section, including a brief summary of the agency's progress toward implementation of each recommendation.

Goal 1: Improve the quality of competitive employment outcomes.

- 1.1 Focus staff education and training on competitive, career-oriented employment outcomes.
- 1.2 Work with vendors to develop clear, concise guidelines for contracting services.
- 1.3 Strengthen working relationships with vendors to enhance VR service delivery.
- 1.4 Provide vendors with training seminars related to employment outcomes and increasing consumer earnings.
- 1.5 Increase incentives to job placement providers to place VR participants in employment.
- 1.6 Investigate and evaluate alternative funding sources.
- 1.7 Develop a timeline and a plan to decrease homemaker outcomes.
- 1.8 Update and implement business enterprise program (BEP) policies.
- 1.9 Recruit, hire, and retain qualified rehabilitation staff.
- 1.10 Increase diversity within professional staff.

Status 1.1: The ORS Training Coordinator conducted annual staff surveys and identified training needs, developed an annual training plan and provided or arranged for training through the Institute for Community Inclusion (ICI) and Assumption College on topics for staff and stakeholders to acquire new skills and improve service delivery and employment outcomes. Training topics included self-employment, hiring and retaining veterans, ethics, traumatic brain injury, labor market information, assistive technology, as well as training offered on disability specific topics and leadership development. ORS counselors continue to participate in numerous trainings and initiatives for transition-age youth. Additionally, all ORS counselors with transition responsibilities are required to attend monthly agency transition meetings and regional Transition Advisory Council meetings with community partners.

Status 1.2: ORS has developed community rehabilitation provider (CRP) fact sheets as well as reporting forms for approved providers of purchased services. The ORS CRP supervisor meets with vendors/providers, including those who provide SE services, to review these fact sheets and reporting forms; to clarify agency expectations, service deliverables and desired outcomes; and to reinforce the commitment to the provision of quality services.

Status 1.3: ORS demonstrates a very collaborative relationship with its providers and stakeholders. The training coordinator and CRP supervisor arranged training for vendors on vocational evaluation through the N. E. TACE and the Institute for Community Inclusion (ICI).

Generally, ORS shares staff training and resources with providers when appropriate to enhance service delivery and employment outcomes for individuals in Rhode Island with disabilities.

Status 1.4: Ongoing training and resources on quality employment outcomes are made available through the supported employment councils (Behavioral Health and Developmental Disabilities). A cooperative agreement between ORS and the Sherlock Center, a university center of excellence, provides a foundation for training personnel from the community mental health and developmental disability provider network. In 2011, twenty certificates were awarded to graduates of two separate programs offered to the community via this agreement. In addition, ORS has encouraged participation in employer forums with Rhode Island Business Leadership Network.

Status 1.5: ORS revised its fee-for-service structure to reinforce job placement and job retention, increasing funding for these deliverables. This change was incorporated in 2010 with increased reporting requirements, a decrease in the fee for job development and an increase in the fee for job placement and retention.

Status 1.6: ORS has reported that this goal is ongoing and no additional funding has been identified.

Status 1.7: ORS has implemented internal guidelines that require the regional supervisor to review all VR plans with “homemaker” as an employment goal. This step in the process has ensured that rehabilitation counselors provide vocational guidance and counseling to eligible individuals about possible competitive employment potential. Services for the Blind and Visually Impaired (SBVI) has also been referring homemakers to resources such as independent living centers and other supports within the community, lessening reliance on the SBVI VR program for services and a support system. These strategies have contributed to a decrease in homemaker closures.

Status 1.8: ORS staff reported that the administrative team of SBVI has sought to update the policies of the program. However, the focus on development of a specific criminal background investigation policy has impeded the progress of other major program policy revisions. ORS has assured RSA that the BEP program remains stable due to oversight from the SBVI administrative team and staff. The refinement of the program has focused on developing and maintaining profitable sites while improving vendor selection and training processes in order to establish greater program and vendor stability.

Status 1.9: ORS requires a master’s degree in rehabilitation counseling from an accredited graduate school in order to be considered as a candidate for a position with the VR program.

Status 1.10: ORS provides both practicum and internship opportunities for local graduate students. Since 2007, ORS has hired 14 interns from these graduate programs; two of those hired master’s level rehabilitation counselors are bi-lingual in Spanish and English.

Goal 2: Improve the rehabilitation rate of transitioning youths.

- 2.1 Increase and strengthen transition services to youths who are exploring their career options.
- 2.2 Train VR staff to use postsecondary education services for transition-age youth when appropriate.
- 2.3 Develop a longitudinal data tool to effectively measure the impact of postsecondary education services.
- 2.4 Maximize access to postsecondary education services for transition-age youth.

Status 2.1: ORS counselors at each high school function as a resource to assist with transition planning. Vocational evaluations, vocational guidance and counseling as well as community-based work experiences are incorporated as part of ORS transition activities. ORS collaborates with the Rhode Island Department of Education through a longstanding agreement to provide an array of transition services and a presence in all the high schools in Rhode Island. Youth with disabilities between 16 and 24 years old who are no longer in high school have access to the full array of services offered to all ORS customers including: vocational evaluations, guidance and counseling, work experience opportunities, as well as secondary educational opportunities with ORS support. ORS has liaisons at each state college and collaborates with the disability services offices of each institution. A formal MOU between ORS and the state colleges and universities defines roles and responsibilities of each party. In addition, ORS is a founding member and has a strong presence on the Rhode Island Shared Youth Vision (SYV) team. As a state team member, ORS has provided consultation and assistance statewide to Collaborative Case Management Teams to improve efficiency and timeliness in meeting the needs of youth with disabilities. In the summer of 2010, ORS used ARRA funding to expand summer work experiences for youth with disabilities called SWEEP – Summer Work Experience and Exploration Program. ORS and 13 CRPs partnered to provide an experience with integrated employment that incorporated a stipend for work, travel training and career exploration. In the summer of 2011, 174 youth participated in a four-week community employment program similar to SWEEP but without the stimulus funds. Plans for the summer of 2012 include targeting 250 youth with disabilities and for the summer of 2013, ORS hopes to implement an employment program for youth that focuses on local businesses and employer paid minimum wage job opportunities. ORS currently has a pilot initiative with Central Falls High School and Goodwill called the Tri-Employment Program in which 13 students with disabilities are participating in vocational exploration and a 100 hour work experience in the community to explore the demands of the world of work.

Status 2.2: VR eligible students attending post-secondary educational settings meet with their rehabilitation counselor at least twice a year to review grades, progress and overall satisfaction with the educational experience.

Status 2.3: ORS has been working with RIDE to use indicator #14 post school data to assess the impact of transition interventions on student activities, participation in training or college, and/or employment outcomes one year after high school.

Status 2.4: ORS has participated in Rhode Island's four Transition Academies located on three college campuses. These programs are primarily funded by local education authorities; however, ORS provides funding for VR consumers on a fee-for-service basis for the community work experiences component of the programs. These students receive the array of ORS services

including vocational guidance and counseling. From 2005 to March, 2011, ORS funded 140 students, 32 of whom are now employed and 97 of whom are still being served by ORS. One-Stop Youth Centers, training programs and colleges provide additional options for youth who are out of school.

Goal 3: Develop and implement a comprehensive quality assurance and improvement system that will assist ORS in improving the VR program.

- 3.1 Develop a comprehensive, integrated, and systematic quality assurance system.
- 3.2 Develop a mechanism for tracking strategic goals and objectives through the system.
- 3.3 Purchase and implement an automated case management system.
- 3.4 Conduct a comprehensive statewide assessment that meets the regulatory requirements at 34 CFR 361.29.
- 3.5 Develop measurable goals.

Status 3.1: Since 2008, the executive team of ORS has administered and monitored a Continuous Quality Improvement Plan (CQIP). The Quality Assurance/State Plan/Policy sub-committee of the SRC has participated in the design, implementation and analysis of quality assurance activities and findings. Annual updates to the CQIP ensure that data from quarterly reviews and other evaluation activities are incorporated in assessing progress toward goals established in the state plan. In addition, the strategic planning supervisor annually facilitates a planning committee that represents all staff levels and programs within the agency, to develop and organize a strategic planning day for the VR and SBVI programs.

Status 3.2: A structured customer satisfaction survey that obtains feedback from individuals closed in status 26 and 28 has been included in the CQI and aggregate results are shared with staff. The strategic planning supervisor is an active participant in the summit group on VR program evaluation and quality assurance and has joined the Rehabilitation Program Evaluation Network of the National Rehabilitation Association. Using the technical assistance about CQI and program evaluation provided through these entities, ORS has begun more systematic tracking of strategic goals and objectives.

Status 3.3: Using American Recovery and Reinvestment Act funds, ORS was able to obtain a new management information system that integrates clinical, financial and demographic information. With this new system ORS has moved toward implementing an electronic client record.

Status 3.4: In 2011 ORS conducted its comprehensive statewide needs assessment (CSNA) in a manner that met the regulatory requirements at 34 CFR 361.29.

Status 3.5: At three-year increments, ORS conducts a comprehensive statewide needs assessment that meets the regulatory requirements at 34CFR 361.29. The most recent CSNA results were included in the State Plan for fiscal year 2011. Since FY 2009 each State Plan has included measurable goals.

Goal 4: ORS will accurately report administrative costs on the RSA-2 (Annual Vocational Rehabilitation Program/Cost Report).

- 4.1 Review and comply with the instructions for the completion of the RSA-2 report and the definition of administrative costs found in 34 CFR 361.50.
- 4.2 Discuss with RSA any report areas requiring further guidance or TA.
- 4.3 Manage internal mechanisms to accurately capture expenditures in designated report categories.
- 4.4 Revise administrative expenditures previously reported for FY 2007 after RSA review and approval.

Status 4.1: Each RSA-2 reflects administrative costs that comply with the instructions and 34 CFR 361.50. Administrative costs for each year subsequent to 2007 reflect a more accurate amount as a percentage of total expenditures, and are significantly less, when compared to administrative costs reported in previous years.

Status 4.2: A member of the ORS fiscal staff attended the 2011 fiscal conference and has followed up with requests for additional technical assistance as needed.

Status 4.3: ORS has internal procedures to accurately capture expenditures in designated report categories.

Status 4.4: Administrative costs previously reported on the 2007 RSA-2 had been revised to comply with 34 CFR 361.50.

Goal 5: ORS will insure fiscal accountability by properly allocating statewide and departmental division indirect costs to RSA's formulas grant program.

- 5.1 Arrange a meeting with staff from ORS, RSA and the U.S. Department of Education's Indirect Cost Group to discuss federal requirements and review ORS' existing documentation supporting the charging of indirect costs to RSA's formula grant programs.
- 5.2 Revise the current methodology to ensure compliance with federal requirements.
- 5.3 Obtain cognizant agency approval of revised cost allocation methodology.

Status 5.1: ORS attended the RSA national fiscal conference in 2011 and was advised to submit and propose a cost allocation plan or indirect cost rate to RSA for approval.

Status 5.2 and 5.3: ORS is allocated indirect cost amounts from a departmental unit under a Health and Human Services approved cost allocation plan. These amounts are allocated within the ORS among the various federal programs under a simple equitable method.

SECTION 5: FOCUS AREAS

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

The purpose of this focus area was to assess the compliance of ORS with the federal requirements related to its organization within Rhode Island Department of Human Services (DHS) and the ability of the ORS to perform its non-delegable functions, including the determination of eligibility, the provision of VR services, the development of VR service policies, and the expenditure of funds. Specifically, RSA engaged in a review of:

- compliance with statutory and regulatory provisions governing the organization of the DHS and ORS under 34 CFR 361.13(b);
- processes and practices related to the promulgation of VR program policies and procedures;
- the manner in which ORS exercises responsibility over the expenditure and allocation of VR program funds, including procurement processes related to the development of contracts and agreements;
- procedures and practices related to the management of personnel, including the hiring, supervision and evaluation of staff; and
- the manner in which ORS participates in the state's workforce investment system.

In the course of implementing this focus area, RSA consulted with the following agency staff and stakeholders:

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

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

- diagrams and supporting documentation illustrating the DSU's position in relation to the DSA, its relationship and position to other agencies that fall under the DSA, and the direction of supervisory reporting between agencies;
- diagrams and supporting documentation identifying all programs from all funding sources that fall under the administrative purview of the DSU, illustrating the number of full-time equivalent (FTE) staff working on each program;
- the number of FTEs in each program, identifying the specific programs on which they work and the individuals to whom they report, specifically including:
 - individuals who spend 100 percent of their time working on the rehabilitation work of ORS;
 - individuals who work on rehabilitation work of the ORS and one or more additional programs/cost objectives (e.g., one-stop career centers); and

- individuals under ORS that do not work on VR or other rehabilitation within the DSU.
- sample memoranda of understanding (MOUs) and/or cost allocation plans with one-stop career centers; and
- documents describing Rhode Island procurement requirements and processes.
- EXHIBIT B – Workforce Investment State Plan, State of Rhode Island, Waiver Request, Workforce Investment Board Membership Requirements, State HRIC to act as SWIB under WIA; USDOL approval documentation

Overview

The Office of Rehabilitation Services (ORS) is the DSU for the administration of the VR and SE programs in Rhode Island and resides organizationally within the Rhode Island Department of Human Services (DHS), the DSA. The DSA works under the auspices of the Executive Office of Health and Human Services (EOHHS), which was created by Executive Order 05-21 on December 1, 2005, to facilitate cooperation and coordination among DHS and four additional state departments that administer Rhode Island’s health and social services programs. The executive order that created EOHHS does not in any way alter the structure, statutory functions or legal status of the departments whose directors are appointed by the governor with the advice and consent of the state senate, not by the secretary of EOHHS. The administrator of ORS reports directly to the director of DHS. ORS is one of seven units under DHS and functions at a comparable level to the other units. In addition, the Division of Elderly Affairs and the Division of Veterans Affairs operate under the auspices of DHS.

Within ORS, there are three components: Vocational Rehabilitation (VR), which includes the Assistive Technology State Grant, the Adaptive Telephone Equipment Loan Program (ATEL), and Work Incentives Planning & Assistance (WIPA) in addition to the VR and SE programs; Services for the Blind and Visually Impaired (SBVI); and Disability Determination. At the time of the review, ORS employed 118 FTEs, 112 of who are involved in VR or other rehabilitation work of the DSU. The VR component has 54 FTEs; SBVI has 22 FTEs; and Disability Determination has 42 FTEs. ORS maintains administrative control over hiring decisions subject to overall personnel controls and policies implemented in the state and department-wide. ORS maintains its own fiscal administration as well, with input into the state budgeting and legislative process through DHS.

The DSU is represented on the two local workforce investment boards. However, there is no representation on the state workforce investment board (SWIB). Although section 111(b)(1)(C)(vi) of the Workforce Investment Act (WIA) requires the SWIB membership to include representatives of the lead state agencies responsible for programs listed in section 121(b) of WIA (i.e. required one-stop partners), the Rhode Island Department of Labor and Training sought and received from the U.S. Department of Labor a waiver of the SWIB membership to allow for the substitution of a smaller board known as the Governors Workforce Board. As a result of the waiver, the VR program is not represented on the substitute board.

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

B. Transition Services and Employment Outcomes for Youth with Disabilities

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

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

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

To implement this focus area, RSA reviewed:

- the progress toward the implementation of recommendations accepted by ORS and the resolution of findings related to the provision of transition services identified in the prior monitoring report from FY 2007 (see Section 4 above);
- formal interagency agreements between the VR agency and the state educational agency (SEA);
- transition service policies and procedures;
- VR agency resources and collaborative efforts with other federal, state and local entities; and
- third-party cooperative arrangements and other cooperative agreements.

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

- the agreement between the VR agency and the state education agency (SEA);
- sample agreements between the VR agency and local education agencies (LEA);
- samples of signed and implemented third-party cooperative agreements;
- samples of other cooperative agreements, and
- VR policies and procedures for the provision of transition services.

To assess the performance related to the provision of transition services and the outcomes achieved by youth with disabilities, RSA reviewed ORS relevant data from FY 2006 through FY 2010, describing:

- the number and percentage of transition-age youth who exited the VR program at various stages of the process;
- the amount of time these individuals were engaged in the various stages of the VR process, including eligibility determination, development of the individualized plan for employment (IPE) and the provision of services;
- the number and percentage of transition-age youth receiving services, including assessment, university and vocational training, rehabilitation technology and job placement; and
- the quantity, quality and types of employment outcomes achieved by transition-age youth.

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

As part of its review activities, RSA met with the following DSA and DSU staff and stakeholders to discuss the provision of services to youth with disabilities:

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

RSA's review of transition services and employment outcomes achieved by youth with disabilities resulted in the identification of the following observations and recommendations. Appendix A of this report indicates whether or not the agency has requested technical assistance to enable it to implement any of the below recommendations.

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

Observations and Recommendations

5.B.1 Transition Services

Observation: The ORS service delivery system capacity appears to be strained with respect to its staff resources. The agency stated it is trying to “do more with less” due to the retirement or loss of a significant percentage of its staff following pension reforms and a hiring freeze. RSA observed that decreased numbers of staff are serving more individuals despite the implementation of an order of selection. An ongoing influx of applicants coupled with the competing demands of high caseload sizes may be impacting the ability of VR counselors to adequately serve individuals and may be a contributing factor to the increasing number of individuals exiting prior to eligibility.

As seen in Table 5.B.1a below, the percentage of transition-age youth exiting prior to eligibility increased by approximately 10 percent during the period between FY 2006 and FY 2011. Similarly, the percentage of all applicants exiting prior to eligibility increased by 13.7 percent during the same period (see Section 2, Table 2.1). Between FY 2008 and FY 2011 the percentage of transition-age youth that exited the program because they did not meet one or more eligibility criteria ranged from a low of 8.4 percent (less than one in ten) to a high of 15.7 (approximately one in six). The remaining closures of transition-age youth exiting prior to eligibility were a result of the inability to locate applicants or applicants declining or refusing services.

The number of applicants exiting the VR program prior to eligibility may suggest insufficient staff resources and capacity to engage with applicants and referrals in a timely manner to establish a counseling relationship that supports maintaining contact between the VR counselor and the applicant during the initiation of the VR process.

Table 5.B.1a
RI-C Transition Age Youth Exited Prior to Eligibility for Service Records Closed for
Federal FY 2006 through Federal FY 2011

All Individual Cases Closed	Number or Percent	2006	2007	2008	2009	2010	2011	Change from 2006 to 2011	Agency Type 2010
TOTAL CASES CLOSED	Number	951	889	802	757	988	829	-122	100,116
	Percent	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	-12.83%	100.00%
Exited as an applicant	Number	49	68	58	75	100	127	78	15,291
	Percent	5.15%	7.65%	7.23%	9.91%	10.12%	15.32%	159.18%	15.27%
Exited during or after trial work experience/extended evaluation	Number	2	2	4	8	2	2	0	513
	Percent	0.21%	0.22%	0.50%	1.06%	0.20%	1.57%	0.00%	0.51%

All Individual Cases Closed	Number or Percent	2006	2007	2008	2009	2010	2011	Change from 2006 to 2011	Agency Type 2010
		TOTAL NOT DETERMINED ELIGIBLE	Number	51	70	62	83		
	Percent	5.36%	7.87%	7.73%	10.96%	10.32%	15.56%	152.94%	15.79%

Table 5.B.1b

RI-C Transition Age Youth Exited Prior to Eligibility Not Meeting One or More Eligibility Criteria for Service Records Closed for Federal FY 2006 through Federal FY 2011

FY	2008		2009		2010		2011	
	N	Percent	N	Percent	N	Percent	N	Percent
No disabling condition	3	4.8	6	7.2	10	9.8	10	7.8
No impediment to employment	3	4.8			1	1.0	1	.8
Does not require VR services	1	1.6	1	1.2	5	4.9	3	2.3
Total	7	11.2	7	8.4	16	15.7	14	10.9

The data in Table 5.B.1b also suggests that referral sources for transition-age youth exiting prior to eligibility may not understand or be aware of the eligibility criteria for the VR program or the readiness of individuals to seek services, resulting in referrals that may not be appropriate. ORS indicated that Rhode Island Works, the Temporary Assistance for Needy Families (TANF) program in the state, routinely refers individuals with disabilities for VR services, many of whom are not interested in services. ORS addressed this issue with Rhode Island Works by using a pre-referral staffing process to identify appropriate referrals. However, a similar process is not in place for the referral sources termed “other” (see Table 5.B.1c below) because ORS has not identified the referral sources captured in this category. Referrals of individuals who are not interested in or ready for VR services take time and attention away from applicants and eligible individuals who are ready and interested.

Table 5.B.1c

RI-C Referral Sources for Transition-Age Youth Exited Prior to Eligibility for Service Records Closed from Federal FY 2008 through Federal FY 2011

FY	2008		2009		2010		2011	
	N	Percent	N	Percent	N	Percent	N	Percent
Educational Institutions (elementary/secondary)	14	22.6	20	24.1	24	23.5	32	24.8
Educational Institutions (post-secondary)	2	3.2	6	7.2	1	1.0	5	3.9
Physician or other Medical Personnel or Medical Institutions (public or private)	3	4.8	5	6.0	8	7.8	7	5.4
Welfare Agency (State or local government)	9	14.5	14	16.9	9	8.8	17	13.2
Community Rehabilitation Programs	2	3.2	6	7.2	2	2.0	9	7.0

FY	2008		2009		2010		2011	
Social Security Administration (Disability Determination Service or District office)					2	2.0		
One-stop Employment/Training Centers					1	1.0		
Self-referral	7	11.3	2	2.4	4	3.9	11	8.5
Other sources	25	40.3	30	36.1	51	50.0	48	37.2
Total	62	100.0	83	100.0	102	100.0	129	100.0

The number of days that service records are open for transition-age youth exiting the program prior to eligibility also increased (see Table 5.B.1d below). The median number of days these service records were open increased from 93.3 days in FY 2008 to 129.7 days in FY 2011, indicating that it is taking longer for VR counselors to determine that a service record on a transition-age applicant should close.

Table 5.B.1d
RI-C Timeline from Application to Closure for Transition-Age Youth Exited Prior to Eligibility from Federal FY 2008 through Federal FY 2011

FY	2008		2009		2010		2011	
Statistics	Case life from application to closure in year	Case life from application to closure in days	Case life from application to closure in year	Case life from application to closure in days	Case life from application to closure in year	Case life from application to closure in days	Case life from application to closure in year	Case life from application to closure in days
Mean	0.37	135.48	0.47	173.06	0.42	154.85	0.44	159.29
Median	0.26	93.26	0.31	114.68	0.32	115.68	0.36	129.68
Mode	.16 ^a	56.84 ^a	0.23	85.26	.19 ^a	68.84 ^a	0.18	64.84
Std. Deviation	0.29	105.18	0.51	185.61	0.40	144.78	0.56	203.82
Minimum	0.09	33.42	0.08	30.42	0.11	38.42	0.09	31.42
Maximum	1.49	543.10	3.44	1257.10	2.98	1088.04	6.21	2264.84
N	62	62	83	83	102	102	129	129

- In implementing the order of selection according to selection criteria, ORS reported that only 41 individuals were on the waiting list in categories two and three at the time of the review. ORS staff indicated that in most cases it is not difficult to identify three functional limitations to assign an individual to OOS category one and that it is difficult to tell an applicant that they will have to wait for services. This practice may be contributing to high caseload size and diminishing the effectiveness of the OOS in ensuring that the most significantly disabled are served first. The definition or implementation of the OOS categories may need to be more rigorous to ensure that the most significantly disabled applicants for ORS services are served first and that ORS has sufficient staff time available to serve the most significantly disabled.
- ORS indicated that a significant number of staff retirements in FY 2008 and a state hiring freeze resulted in a number of VR counselor vacancies and negatively impacted ORS's capacity to provide VR services. Despite the loss of staff in FY 2008, ORS kept OOS categories one and two open for services. In FY 2010, Rhode Island state government implemented pension reforms that resulted in the loss of additional ORS employees

through retirement that were not replaced. It was not until June 2010 that category two was closed. According to the ORS organizational chart provided to RSA on February 13, 2012, there were five vacancies and five positions lost to cutbacks among 64 counselor, support and supervisory staff on the VR program, representing a 15 percent loss of staff since FY 2007. At the time of the review, ORS caseloads averaged 130 to 150 cases with some caseloads as high as 177 to 218. The loss of staff, in conjunction with two OOS categories remaining open from FY 2008 to FY 2010, potentially contributed to the high ratio of cases per counselor.

Recommendations: RSA recommends that ORS:

- 5.B.1.1 identify referral sources coded as “other” for the purpose of informing those sources regarding eligibility requirements for the VR program and indicators of applicants’ readiness for VR services to decrease the number of ineligible, uninterested or ill-timed referrals;
- 5.B.1.2 review and refine its OOS selection criteria and guidance to staff to ensure that the most significantly disabled individuals are being served first;
- 5.B.1.3 review staff vacancies, caseload size, performance data and its quality indicators to determine the number of individuals that the ORS system can fully serve at one time;
- 5.B.1.4 use its data collection system and quality assurance system to explore the factors resulting in an increase in the number and percent of transition-age youth exiting the VR program prior to an eligibility determination; and
- 5.B.1.5 assist counselors in exploring expanded, innovative and more instantaneous methods of communication with and engagement of transition-age youth such as e-mail to text alternatives to more standard communication methods that may be more easily dismissed or ineffective.

Technical Assistance

The RSA review team provided technical assistance to ORS in the area of transition services and employment outcomes for youth with disabilities during the on-site review. To address the delay in timely development of the IPE for transition-age youth, RSA described the use of an initial IPE with services focused on career exploration and refinement of the specific vocational goal. In addition, RSA described the use of the IPE amendment to support the developmental nature of the career exploration process and provide for changes in the vocational goal. In addition, RSA provided technical assistance to address staff concerns about possible appeal issues related to an agency commitment to explore a vocational goal that the student or parent may see as a commitment to achieve that vocational goal.

RSA described the federal requirements for the interagency agreement on transition with RIDE and identified missing information. RSA also suggested that the interagency agreement on transition be a stand-alone document in order to emphasize that it has a broader scope than the specific population and service specified in the cooperative agreement.

RSA discussed the role that measurable ORS State Plan goals and strategies can play in creating visibility and focus on the achievement and quality of transition-age youth employment outcomes.

At the request of ORS, RSA provided examples of indicators and measures for the quality of employment outcomes achieved by transition-age youth. In addition, technical assistance was provided on fiscal and strategic planning, establishment projects, policy and training material on ethics and social media, corporate culture and business etiquette, and creating a text message from e-mail.

C. Fiscal Integrity of the Vocational Rehabilitation Program

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

RSA used a variety of resources and documents in the course of this monitoring, including data maintained on RSA's MIS generated from reports submitted by the VR agency, e.g., Financial Status Report (SF-269/SF-425) and the Annual VR Program/Cost Report (RSA-2). The review covered fiscal data from FY 2007 thru FY 2011, along with other fiscal reports as necessary, to identify areas for improvement and potential areas of noncompliance.

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

- the federal FY 2007 monitoring report issued pursuant to Section 107 of the Rehabilitation Act (see Section 4 above for a report of the agency's progress toward implementation of recommendations and resolution of findings);
- A-133 audit findings and corrective actions;
- state/agency allotment/budget documents and annual federal fiscal reports;
- grant award, match, MOE, and program income documentation;
- agency policies, procedures, and forms (e.g., monitoring, personnel certifications, procurement and personnel activity reports), as needed; and
- documentation of expenditures including contracts, purchase orders and invoices.

In addition RSA reviewed the following as part of the monitoring process to ensure compliance:

- if appropriate, third-party cooperative arrangements;
- internal agency fiscal reports and other fiscal supporting documentation, as needed; and
- VR agency cost benefit analysis reports.

RSA's review of the fiscal integrity of the VR Program administered by ORS did not result in the identification of observations and recommendations. In addition, the compliance findings identified by RSA through the implementation of this focus area are contained in Section 6 of this report.

Technical Assistance

RSA provided technical assistance to ORS related to the fiscal integrity of the VR program while on-site in Rhode Island.

ORS staff received technical assistance related to the requirements for third-party cooperative arrangements. In addition, RSA used SF-425s submitted by the agency to identify instances in which instructions for the SF-425 were not followed with respect to reporting indirect costs, and RSA provided guidance on the proper reporting of indirect costs. RSA also provided technical assistance on contract monitoring and the need to review supporting documentation for expenditures charged against contracts.

SECTION 6: COMPLIANCE FINDINGS AND CORRECTIVE ACTIONS

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

ORS must develop a corrective action plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days from the issuance of this report and RSA is available to provide technical assistance to assist ORS to develop the plan and undertake the corrective actions.

RSA reserves the right to pursue enforcement action related to these findings as it deems appropriate, including the recovery of funds, pursuant to 34 CFR 80.43 and 34 CFR part 81 of EDGAR.

1. Development of the IPE

Legal Requirements:

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

Finding:

ORS is not in compliance with Section 101(a)(9)(A) of the Rehabilitation Act and the requirements of 34 CFR 361.45(e) because it is not meeting its established 90-day time standard for the development of IPEs. As required by Section 101(a)(9)(A), ORS assures in its annual State Plan that an IPE meeting federal requirements will be developed in a timely manner for each individual following the determination of eligibility. The VR program regulations at 34 CFR 361.45(e) state that the agency must establish standards including timelines that take into consideration the needs of each individual. According to the Rhode Island Department of Human Services ORS Policy and Procedures Manual, *Section 115.3 The Individualized Plan for Employment (IPE), II. B. Conditions and Criteria*, the ORS policy states:

The Agency will, in a timely manner, assist each eligible individual who meets the Order of Selection (OOS) criteria (when ORS is under an OOS) to develop and implement an IPE. As a standard, the IPE should be developed within 90 days of determining that the individual is eligible and meets the agency's OOS criteria.

ORS counselors cited difficulty in meeting their agency’s time standard for transition-age youth due to their reluctance to initiate IPEs until they ensure the employment goal is “correct” or “attainable.” This approach is not consistent with the developmental stage of transition-age youth who will change their vocational goal as they explore vocational options. Writing initial IPEs that will be amended as the goal is refined will support and facilitate the natural course of vocational exploration and keep the student engaged with the VR process. Counselors also reported that timing of referrals affects IPE development. If referrals are made prematurely, plan development may be delayed until students are ready. On the other hand, referrals made just before students exit school can inhibit timely involvement by ORS counselors in providing consultation on the individualized education program (IEP) and transition services provided by schools as well as delay ORS support of such plan development activities as career exploration, job shadowing, and trial work experiences. ORS counselors reported that assessment information from the school at referral is often outdated, necessitating the procurement of additional assessments that add time to the IPE development process.

ORS’s performance in meeting its 90-day time standard to develop IPEs for transition-age youth, as illustrated in Table 6.1 below, ranged from 47.39 percent meeting the standard in FY 2006 to a high of 56.64 percent meeting the standard in FY 2011. An additional 18.30 percent had IPEs developed within 91-180 days in FY 2011, for a total of 74.94 percent of IPEs being developed within six months.

Table 6.1
Rhode Island ORS Service Record Breakdown for Transition-Age Youth Served by Time:
Eligibility to IPE
FY 2006 through FY 2011

Served: From eligibility to IPE	Transition age (FY2006)	Transition age (FY2007)	Transition age (FY2008)	Transition age (FY2009)	Transition age (FY2010)	Transition age (FY2011)
Percent served: 0 - 3 months	47.39%	42.95%	48.58%	53.78%	50.56%	56.64%
Percent served 4 -6 months	16.30%	13.22%	14.39%	18.44%	19.22%	18.30%
Percent served 7 -9 months	8.48%	10.79%	6.84%	7.56%	9.70%	8.50%
Percent served 13 -24 months	13.04%	14.98%	13.44%	11.11%	11.38%	8.93%
Total Number Served	460	454	424	450	536	459

As the FY 2006 through 2011 data demonstrate, ORS did not meet the requirements in Section 101(a)(9) of the Rehabilitation Act and 34 CFR 361.45(e) by not developing IPEs for transition-age youth in a timely manner and within the 90-day timeline that ORS established as its standard pursuant to these federal requirements.

Corrective Action 1: ORS must:

- 1.1 cease the untimely development of IPEs;
- 1.2 provide written assurance within 10 days of receipt of the final monitoring report that the agency will ensure that all IPEs are developed within the time period that ORS has established as its state standard pursuant to 34 CFR 361.45(e); and
- 1.3 submit the actions that ORS will take, including timelines, to ensure that IPEs are developed in a timely manner and within 90 days of eligibility determination (e.g., in accordance with the agency's established timeline developed pursuant to Section 101(a)(9) of the Rehabilitation Act and its implementing regulations at 34 CFR 361.45(e)).

2. Interagency Agreement with the Rhode Island Department of Elementary and Secondary Education

Legal Requirement:

- Rehabilitation Act—Section 101(a)(11)(D)
- VR Program Regulations—34 CFR 361.22(b)

Finding:

The current interagency agreement on transition services (termed an Appendix to a Cooperative Agreement) between ORS and the Rhode Island Department of Elementary and Secondary Education (RIDE) does not describe outreach procedures by either party to identify students with disabilities needing transition services who are not receiving special education services.

Section 101(a)(11)(D) of the Rehabilitation Act and 34 CFR 361.22(b) require that the State Plan for Titles I and VIB provide information on the coordination of transition services with state education officials, including information on a formal interagency agreement with the state educational agency. The agreement, at a minimum, must provide for— (1) consultation and technical assistance to assist educational agencies in planning for the transition of students with disabilities from school to post-school activities, including vocational rehabilitation services; (2) transition planning by personnel of the designated State agency and educational agency personnel for students with disabilities that facilitates the development and completion of the IEP; (3) the roles and responsibilities, including financial responsibilities, of each agency; and (4) procedures for outreach to and identification of students with disabilities who need transition services.

In response to the fourth provision, the current interagency agreement does not include procedures for outreach to, and identification of, students with disabilities in need of transition services pursuant to Section 101(a)(11)(D)(iv) and 34 CFR 361.22(b)(4). The ORS interagency agreement with the RIDE (submitted during the document request phase of the review as an example of a third-party cooperative arrangement and signed on September 29, 2010) describes each agency's outreach procedures with respect to students who have an Individual Education Plan (IEP) under IDEA. The ORS interagency agreement with RIDE meets all of the provisions set forth in 34 CFR 361.22(b). However, the agreement does not describe outreach procedures

for students with disabilities in need of transition services who do not receive services under an IEP, such as those receiving regular education services, education services under a 504 plan or youth who are not in school. The Rehabilitation Act and its implementing regulations do not limit the requirements for outreach to special education students.

Corrective Action 2: ORS must:

- 2.1 submit a written assurance to RSA within ten days of the issuance of the final monitoring report that ORS will ensure that the SEA agreement with RIDE will be revised to describe the procedures to be used by each agency to identify and outreach to all students with disabilities in need of transition services to comply with requirements at Section 101(a)(11)(D) of the Rehabilitation Act and 34 CFR 361.22 (b); and
- 2.2 submit the revised SEA formal interagency agreement between ORS and RIDE for RSA's review as part of ORS's corrective actions associated with the FY 2012 Section 107 Monitoring Review. RSA also recommends that the ORS/RIDE SEA agreement be a stand-alone document versus an appendix to a cooperative agreement with a related, but separate purpose.

3. Program Income Disbursement

Legal Requirement:

- EDGAR—34 CFR 80.21(f)(2)

Finding:

ORS is not in compliance with 34 CFR 80.21(f)(2) that requires grantees to disburse program income prior to requesting additional cash payments. This means that ORS must disburse all program income prior to requesting a drawdown of additional federal VR funds. RSA reviewed ORS's SF-425 reporting for FY 2010 and found that the agency had unexpended program income available when additional cash payments were requested. As a result, ORS drew down additional federal VR funds to cover expenditures while program income remained available for disbursement. Table 6.2 below includes the program income data ORS reported on its FY 2010 SF-425 reports for the VR program.

Table 6.2
ORS FY 2010 SF-425 Program Income Reported

Fiscal Year	Quarter	[10l] Total Federal Program Income Earned	[10n] Federal Program Income Expended - Addition Alternative	[10o] Unexpended Federal Program Income (line l - line m or n)	[12e] Federal Program Income Transferred
2010	1	28,994	0	28,994	0
2010	2	183,747	0	183,747	0
2010	3	280,036	0	280,036	0
2010	4	280,036	0	280,036	0
2010	5	280,036	7	280,029	0
2010	6	280,036	167	279,869	0
2010	7	280,036	168	279,868	0
2010	8	280,036	280,036	0	0

The data indicate that ORS maintained a significant amount of unexpended program income between the 2nd and 7th quarters reported for FY 2010. To verify this finding, RSA staff compared the amount of funds drawn down by ORS, according to the Department of Education’s G5 Grant’s Management System, with the amount of program income funds available for expenditures for FY 2010 (2nd – 7th quarters). The results of the comparison clearly showed that ORS drew down additional federal VR funds while there was a positive balance of undisbursed program income available.

ORS’s SF-425 reports for the first two quarters of FY 2011 showed the agency maintained over \$300,000 in unexpended program income during these months. The same pattern of maintaining unexpended program income occurred during FY 2009 as evidenced in the agency’s SF-269 reports.

Corrective Action 1: ORS must:

- 3.1 cease drawing down federal VR funds prior to disbursing all available program income;
- 3.2 provide a written assurance to RSA, within 10 days of the final monitoring report that it will disburse all program income before drawing down any federal VR funds as required by 34 CFR 80.21(f)(2); and
- 3.3 develop and implement internal accounting processes necessary to ensure the tracking and reporting of program income in accordance with federal requirements.

4. Third-Party Cooperative Arrangement

Legal Requirements:

- VR Program Regulations—34 CFR 361.3, 34 CFR 361.12, 34 CFR 361.28 and 34 CFR 361.60(b)(1)
- EDGAR—34 CFR 80.20(a), 34 CFR 80.24(a) and 34 CFR 80.40(a)

Finding:

The cooperative arrangement between ORS and the RIDE is not in compliance with VR program regulations governing third-party cooperative arrangements at 34 CFR 361.28(a), because it is not properly structured for the purpose of obtaining the non-federal share of expenditures associated with the programming. Consequently, the corresponding non-federal expenditures resulting from the arrangements are not a permissible source of match for the program in accordance with regulations at 34 CFR 361.60(b)(1) and 34 CFR 80.24(a). Finally, ORS is not in compliance with regulations at 34 CFR 80.40(a) because it does not monitor the contracts with the Regional Vocational Assessment Centers (RVAC), the providers of the services called for under the cooperative arrangement.

A. Third-Party Cooperative Arrangements – Non-Federal Share

For the last 13 years, the Department of Human Services (DHS)/ ORS has entered into a cooperative agreement with the Rhode Island Department of Elementary and Secondary Education (RIDE) to implement a collaborative program that coordinates and provides vocational rehabilitation services leading to employment outcomes for transition age youth with disabilities. The document is titled *Cooperative Agreement for the Delineation of Responsibilities between the Department of Human Services/ Office of Rehabilitation Services and the Department of Elementary and Secondary Education* (Agreement).

During onsite monitoring, RSA discussed with ORS the authority under which ORS entered into the agreement with RIDE to fund these services. ORS informed RSA that the agreement is a third-party cooperative arrangement that generates non-federal match for the VR program. RIDE does not transfer the non-federal share to ORS. Instead, RIDE budgets state funds, up to \$150,000, in proportion to the amount required to meet the non-federal share of the expenditures under the agreement. Per the agreement, for the period beginning July 1, 2010 and ending June 30, 2015, the total budget amount shall not exceed the maximum rate for a \$705,000 state allocation for RIDE for each annual period. ORS uses VR funds to cover the federal share of the allowable expenditures under the agreement.

The agreement between RIDE and ORS includes a work plan that outlines the obligations of each party. As part of an addendum to the agreement, ORS entered into multi-year contracts with the five RVACs throughout the state of Rhode Island for the provision of vocational assessment and career exploration services including two, twenty hour per week community-based work experiences. The agreement between DHS/ORS and RIDE serves as the authority for the payment of funds to the RVACs. RSA reviewed the most recent Internal Revenue Service 990 forms submitted by the RVACs, which indicate that these entities are classified as nonprofit corporations pursuant to Section 501(c)(3) of the Internal Revenue Code.

Each RVAC is under contract with ORS to conduct a specific number of vocational assessments per year for transition-age youth with disabilities served by ORS. The invoices submitted by the RVACs include a program report with a list of consumers that received vocational evaluations. The conditions of the RVAC contracts state that ORS will have direct control of all expenditures

for VR services and administration of services. The RVACs send all invoices to ORS to be verified. Once the invoices are verified by ORS, they are forwarded to RIDE for payment. RIDE is responsible for paying the invoices from two separate RIDE accounts. One account is funded by the RIDE's general revenue and is used to pay 21.3 percent of all invoice costs. The other account is funded by drawdowns against the federal VR grant and is used to pay 78.7 percent of the invoice costs. Per the agreement, under the section entitled "Documentation and Condition of Payment," ORS agrees to provide RIDE with monthly fiscal reports and any other related reports as required.

As stated above, ORS entered into the agreement with RIDE as a third-party cooperative arrangement. As such, the agreement must satisfy the requirements at 34 CFR 361.28. In particular, a third-party cooperative arrangement is one that is established between ORS and another public agency that would provide VR services as well as contribute non-federal funds toward ORS's match requirement under the VR program. The services must not be the typical services generally provided by that cooperating agency (34 CFR 361.28(a)(1)). The services must be provided solely to ORS consumers and applicants (34 CFR 361.28(a)(2)). ORS must retain supervisory control over the staff providing the services and the expenditures under the agreement (34 CFR 361.28(a)(3)). The cooperating agency must adhere to all VR requirements, including order of selection, if applicable (34 CFR 361.28(a)(4)). Finally, the cooperating agency must provide the services in all areas of the state. If not, ORS must seek a waiver of statewideness from RSA (34 CFR 361.28(b)).

The agreement with RIDE meets all requirements for a third-party cooperative arrangement specified in 34 CFR 361.28, except that in this case, the RVACs – the service providers under the project – are private non-profit corporations, not public agencies, and are not eligible to enter into a third-party cooperative arrangement with ORS, pursuant to 34 CFR 361.28(a). On the other hand, RIDE is a public agency and is eligible to enter into a third-party cooperative arrangement with ORS (34 CFR 361.28(a)). As the public cooperating agency, RIDE is required to provide the services specified in the third-party cooperative arrangement or, at a minimum, arrange for another entity to provide the services on its behalf (*Id.*). However, RIDE is neither providing the services directly, nor arranging through contracts with the RVACs to provide the services on its behalf. Instead, ORS contracts with the RVACs and simply invoices RIDE for the non-federal share of funds. Therefore, the agreement does not satisfy the requirement at 34 CFR 361.28(a) that the public cooperating agency contributing the non-federal share provide the services.

In addition, non-federal expenditures used for satisfying VR match requirements must be for allowable expenditures under the VR program, which include expenditures for the cost of providing VR services and the cost for administering the VR program (34 CFR 361.3 and 361.60(b)(1); 34 CFR 80.24(a)). Given the deficiency of this third-party cooperative arrangement, ORS may not use non-federal funds provided by RIDE under the agreement for match purposes under the VR program until the deficiency is corrected.

B. Contract Monitoring

Departmental regulations at 34 CFR 80.40(a) state, “[g]rantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.” Pursuant to this requirement, as the recipient of federal funds, ORS is required to monitor and manage the operations of all VR program grant-supported activities, including the cooperative agreement between ORS and RIDE, along with the RVAC contracts. In addition, federal regulations require ORS to assure in its State Plan that it will implement policies and procedures for the efficient and effective administration of the VR program to ensure that all functions are carried out properly and financial accounting is accurate (34 CFR 361.12). ORS, as well as its contractors, also is required to implement fiscal controls to ensure that VR funds are expended and accounted for accurately and that expenditures are traceable to a level sufficient to determine that such expenditures were made in accordance with applicable federal requirements (34 CFR 80.20(a)).

During the on-site visit, ORS reported to RSA that its transition supervisor conducts quarterly meetings with the RVACs for the purpose of reviewing invoices and discussing concerns, with RVAC staff, related to the progress in meeting the number of assessments required under each contract. Addendum 3 to each of the RVAC contracts also requires that the RVACs submit to ORS invoices, a state-approved fiscal report and quarterly progress reports identifying the individuals served under the contracts. ORS obtains this documentation and verifies the amounts of the invoices against the funds paid quarterly. Nonetheless, ORS staff conveyed during the on-site visit that the agency does not conduct monitoring of the RVACs contracts to establish that the expenditure of VR program funds under the contracts was in accordance with the provisions of the Rehabilitation Act, its implementing regulations and other pertinent federal requirements. Therefore, ORS is not in compliance with regulations at 34 CFR 80.40(a).

Corrective Action 4: ORS must:

- 4.1 submit an assurance within 10 days of the final monitoring report that ORS will comply with the requirements for a third-party cooperative arrangement set forth at 34 CFR 361.28, including those concerning the contribution of the non-federal share by a public agency providing the services, and that it will monitor all such arrangements as required by 34 CFR 80.40(a);
- 4.2 ensure that any third-party cooperative arrangements, including the agreement between ORS and RIDE, meet the requirements of 34 CFR 361.28; and
- 4.3 develop and implement procedures for the monitoring of any service provision contracts related to the third-party arrangement with RIDE as required by 34 CFR 80.40(a).

APPENDIX A: AGENCY RESPONSE

Section 5: Focus Areas

B. Transition Services and Employment Outcomes for Youth with Disabilities

Observation 5.B.1: The ORS service delivery system capacity appears to be strained with respect to staff resources.

Recommendation 5.B.1: RSA recommends that ORS:

- 5.B.1.1 identify referral sources coded as “other” for the purpose of informing those sources regarding eligibility requirements for the VR program and indicators of applicants’ readiness for VR services to decrease the number of ineligible, uninterested or ill-timed referrals;
- 5.B.1.2 review and refine its OOS selection criteria and guidance to staff to ensure that the most significantly disabled individuals are being served first;
- 5.B.1.3 review staff vacancies, caseload size, performance data and its quality indicators to determine the number of individuals that the ORS system can fully serve at one time;
- 5.B.1.4 use its data collection system and quality assurance system to explore the factors resulting in an increase in the number and percent of transition-age youth exiting the VR program prior to an eligibility determination; and
- 5.B.1.5 assist counselors in exploring expanded, innovative and more instantaneous methods of communication with and engagement of transition-age youth such as email to text alternatives to more standard communication methods that may be more easily dismissed or ineffective.

Agency Response: ORS concurs with some of these recommendations.

- 5.B.1.1 ORS has begun analyzing its referral source code categories, critically examining the need for the category of “other,” and determining the reason for the use of “other” as a referral source code.
- 5.B.1.2 ORS concurs with the recommendation to review current policies on the Order of Selection and provide associated guidance to staff.
- 5.B.1.3 ORS will review number of staff vacancies, caseload size, performance data and quality indicators.
- 5.B.1.4 ORS agrees with the importance of utilizing data to monitor the agency’s performance in relation to the number and percentage of transition-age youth exiting the VR program prior to eligibility determination.
- 5.B.1.5 ORS has concerns about confidentiality, HR and legal issues, access to equipment, practice issues, and documentation that warrants discussion via a teleconference call with RSA.

Technical Assistance: ORS requests technical assistance.

Section 6: Compliance Findings and Corrective Actions

1. Development of the IPE

Corrective Action 1: ORS must:

- 1.1 cease the untimely development of IPEs;
- 1.2 provide written assurance within 10 days of receipt of the final monitoring report that the agency will ensure that all IPEs are developed within the time period that ORS has established as its state standard pursuant to 34 CFR 361.45(e); and
- 1.3 submit the actions that ORS will take, including timelines, to ensure that IPEs are developed in a timely manner and within 90 days of eligibility determination (e.g., in accordance with the agency's established timeline developed pursuant to Section 101(a)(9) of the Rehabilitation Act and its implementing regulations at 34 CFR 361.45(e)).

Agency Response: ORS concurs with the RSA findings of untimely development of IPEs.

- 1.1 ORS administration and staff will work together to cease the untimely development of IPEs.
- 1.2 Guidance will be provided to staff about strategies for negotiating an IPE within 90 days of eligibility and written assurance submitted to RSA within 10 days of the final report that ORS will comply with timely development of IPEs.
- 1.3 ORS will review policies and procedures, and provide training to VR Counselors on the timeline of 90 days from eligibility determination to IPE development.

Technical Assistance: ORS Requests Technical Assistance.

2. Interagency Agreement with the Rhode Island Department of Elementary and Secondary Education

Corrective Action 2: ORS must:

- 2.1 submit a written assurance to RSA within ten days of the issuance of the final monitoring report that ORS will ensure that the SEA agreement with RIDE will be revised to describe the procedures to be used by each agency to identify and outreach to all students with disabilities in need of transition services to comply with requirements at Section 101(a)(11)(D) of the Rehabilitation Act and 34 CFR 361.22 (b); and
- 2.2 submit the revised SEA formal interagency agreement between ORS and RIDE for RSA's review as part of ORS's corrective actions associated with the FY 2012 Section 107 Monitoring Review. RSA also recommends that the ORS/RIDE SEA agreement be a stand-alone document versus an appendix to a cooperative agreement with a related, but separate purpose.

Agency Response: ORS concurs with the RSA finding that the SEA agreement with RIDE should be revised to identify and outreach to 504 students.

- 2.1 Written assurance will be submitted to RSA within 10 days of the issuance of the final monitoring report that ORS will develop a service agreement with RIDE that describes the

procedures to be used by each agency to identify and outreach to all students with disabilities in need of transition services to comply with requirements at Section 101(a)(11)(D) of the Rehabilitation Act and 34 CFR 361.22 (b).

- 2.2 ORS has created a task group to review the current ORS/RIDE cooperative agreement, the essential elements of the ORS/RIDE relationship and the role of the collaborative contracts/vendor community. The task group will formulate recommendations for review by the respective legal units of the two agencies. Discussion via a teleconference call with RSA would be helpful in addressing this area of concern.

Technical Assistance: ORS Requests Technical Assistance.

3. Program Income Disbursement

Corrective Action 1: ORS must:

- 3.1 cease drawing down federal VR funds prior to disbursing all available program income;
- 3.2 provide a written assurance to RSA, within 10 days of the final monitoring report that it will disburse all program income before drawing down any federal VR funds as required by 34 CFR 80.21(f)(2); and
- 3.3 develop and implement internal accounting processes necessary to ensure the tracking and reporting of program income in accordance with federal requirements.

Agency Response: ORS concurs with the RSA findings.

- 3.1 Based on the discussion with the RSA Monitoring Team, ORS has already ceased drawing federal VR funds prior to disbursing all available program income.
- 3.2 Written assurance to RSA will be submitted within 10 days of receipt of the final monitoring report that all program income will be disbursed prior to drawing down any federal VR funds in accordance with 34 CFR 80.21(f)(2).
- 3.3 Internal accounting processes are in place to ensure tracking, reporting, and disbursing of program income in accordance with federal requirements.

Technical Assistance: ORS does not request technical assistance.

4. Third-Party Cooperative Arrangement

Corrective Action 4: ORS must:

- 4.1 submit an assurance within 10 days of the final monitoring report that ORS will comply with the requirements for a third-party cooperative arrangement set forth at 34 CFR 361.28, including those concerning the contribution of the non-federal share by a public agency providing the services, and that it will monitor all such arrangements as required by 34 CFR 80.40(a);
- 4.2 ensure that any third-party cooperative arrangements, including the Agreement between ORS and RIDE, meet the requirements of 34 CFR 361.28; and
- 4.3 develop and implement procedures for the monitoring of any service provision contracts

related to the third-party arrangement with RIDE as required by 34 CFR 80.40(a).

Agency Response: ORS has begun the process by creating a task group to review the current Cooperative agreement with RIDE, the ORS/RIDE contract that references the state match provided by RIDE, and the contract with the non-profit educational collaboratives.

- 4.1 ORS has created a task group to revise its written agreements with RIDE, the public agency providing the services, as well as monitoring those arrangements.
- 4.2 ORS will work to ensure that all third-party cooperative agreements are in accordance with 34 CFR 361.28.
- 4.3 ORS will work with program staff to ensure that all third-party arrangements with RIDE include monitoring of any service provision contracts.

Technical Assistance: ORS does not request technical assistance.

APPENDIX B: LEGAL REQUIREMENTS

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

Rehabilitation Act of 1973, as amended

Section 101(a)(9)(A) - Individualized plan for employment - Development and implementation.

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

Section 101(a)(11)(D)-Coordination with education officials

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

- (i) consultation and technical assistance to assist educational agencies in planning for the transition of students with disabilities from school to post-school activities, including vocational rehabilitation services;
- (ii) transition planning by personnel of the designated State agency and educational agency personnel for students with disabilities that facilitates the development and completion of their individualized education programs under section 614(d) of the Individuals with Disabilities Education Act;
- (iii) the roles and responsibilities, including financial responsibilities, of each agency, including provisions for determining State lead agencies and qualified personnel responsible for transition services; and
- (iv) procedures for outreach to and identification of students with disabilities who need the transition services.

VR Program Regulations

34 CFR 361.3 Authorized activities.

The Secretary makes payments to a State to assist in—

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

34 CFR 361.12

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 361.22

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

34 CFR 361.28

- (a) The designated State unit may enter into a third-party cooperative arrangement for providing or administering vocational rehabilitation services with another State agency or a local public agency that is furnishing part or all of the non-Federal share, if the designated State unit ensures that;
- (1) The services provided by the cooperating agency are not the customary or typical services provided by that agency but are new services that have a vocational rehabilitation focus or existing services that have been modified, adapted, expanded, or reconfigured to have a vocational rehabilitation focus;
 - (2) The services provided by the cooperating agency are only available to applicants for, or recipients of, services from the designated State unit;
 - (3) Program expenditures and staff providing services under the cooperative arrangement are under the administrative supervision of the designated State unit; and
 - (4) All State plan requirements, including a State's order of selection, will apply to all services provided under the cooperative program.

(b) If a third party cooperative agreement does not comply with the statewideness requirement in 361.25, the State unit must obtain a waiver of statewideness, in accordance with 361.26.

34 CFR 361.45(e)

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

34 CFR 361.60(b)(1)

(b) Non-Federal share.

(1) General. Except as provided in paragraph (b)(2) and (3) of this section, expenditures made under the State plan to meet the non-Federal share under this section must be consistent with the provisions of 34 CFR 80.24...

Education Department General Administrative Regulations (EDGAR)

34 CFR 80.20(a)

(a) A state must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant; and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

34 CFR 80.21(f)(2)

(f) Effect of program income, refunds, and audit recoveries on payment. (1) Grantees and subgrantees shall disburse repayments to and interest earned on a revolving fund before requesting additional cash payments for the same activity.

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

34 CFR 80.24(a)

(a) Basic rule: Cost and contributions acceptable. With the qualifications and exceptions listed in paragraph (b) of this section, a matching or cost sharing requirement may be satisfied by either or both of the following:

34 CFR 80.40

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