

**FISCAL YEAR 2013
MONITORING REPORT
ON THE
DISTRICT OF COLUMBIA
REHABILITATION SERVICES
ADMINISTRATION
VOCATIONAL REHABILITATION
PROGRAM**



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

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SECTION 1: EXECUTIVE SUMMARY

Background

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

Through its monitoring of the VR and SE programs administered by the District of Columbia Rehabilitation Services Administration (DCRSA) in federal fiscal year (FY) 2013, RSA:

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

The nature and scope of this review and the process by which RSA carried out its monitoring activities, including the conduct of an on-site visit from January 29 through February 1, 2013 is described in detail in the [FY 2013 Monitoring and Technical Assistance Guide for the Vocational Rehabilitation Program](#).

Emerging Practices

At the time of publication, DCRSA had not identified any emerging practices implemented by the agency to improve the performance and administration of the VR program.

Summary of Observations

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

Summary of Compliance Findings

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

- DCRSA has not complied with federal requirements to ensure employees who work solely on a single cost objective prepare certifications at least semi-annually and to require employees working on multiple cost objectives to maintain personnel activity reports or equivalent documentation that reflect an after-the-fact distribution of the actual activity of each employee; as a result, the agency may have expended VR program funds on personnel costs associated with staff working on other programs.
- DCRSA is not in compliance with pertinent statutory and regulatory provisions governing the provision of VR services to youth with disabilities, from application to the development of an Individual Plan for Employment (IPE). Specifically, DCRSA does not:
 - require an application prior to the provision of vocational guidance and counseling services;
 - use the content of its transition referral and authorization for release of information as an application and the information obtained through the release to determine eligibility; and
 - require that youth have an IPE prior to providing individualized services such as, vocational guidance and counseling.
- DCRSA has under-reported its expenditures from non-federal sources under the state plan.
- DCRSA has not established and maintained written policies governing the manner in which the agency will set fees for purchased VR services.
- DCRSA has delayed the provision of services to youth with disabilities because it does not:
 - determine eligibility within 60 days from the date an application is submitted to the agency; and
 - develop IPEs within its 90-day established timeline.
- DCRSA's written policies define an "individual with a significant disability" in a manner inconsistent with federal requirements.
- DCRSA did not adhere to the implementing regulations that define supported employment. Specifically, DCRSA closed the cases of transition-age youth as having achieved supported employment, earning less than competitive wages, without documentation that these individuals were working toward competitive employment.

- DCRSA's present agreement with the Office of the State Superintendent of Education, Division of Special Education is not in compliance with the minimum requirements of a formal interagency agreement with the state educational agency (SEA).

Development of the Technical Assistance Plan

RSA will collaborate closely with DCRSA and the George Washington University Mid-Atlantic Technical Assistance and Continuing Education Center (GW TACE) to develop a plan to address the technical assistance needs identified by DC RSA in Appendix A of this report. RSA, DCRSA, and GW 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, DCRSA, and GW 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 Jim Doyle, Christopher Pope and Tonya Stellar (Vocational Rehabilitation Program Unit); Adrienne Grierson (Fiscal Unit); Joe Pepin (Data Collection and Analysis Unit); and Terrence Martin (Technical Assistance 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 DCRSA for the cooperation and assistance extended throughout the monitoring process. RSA also appreciates the participation of the SRC, the Client Assistance Program and advocates, and other stakeholders in the monitoring process.

SECTION 2: PERFORMANCE ANALYSIS

This analysis is based on a review of the programmatic and fiscal data contained in Tables 2.1 and 2.2 below and is intended to serve as a broad overview of the VR program administered by DCRSA. It should not be construed as a definitive or exhaustive review of all available agency VR program data. As such, the analysis does not necessarily capture all possible programmatic or fiscal trends. In addition, the data in Table 2.1 measure performance based on individuals who exited the VR program during federal fiscal years 2007 through 2011. Consequently, the table and accompanying analysis do not provide information derived from DCRSA open service records including that related to current applicants, individuals who have been determined eligible and those who are receiving services. DCRSA 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
DCRSA Program Performance Data for FY 2007 through FY 2011**

All Individual Cases Closed	Number, Percent, or Average	2007	2008	2009	2010	2011	Change from 2007 to 2011	Agency Type 2011
TOTAL CASES CLOSED	Number	2,189	2,358	1,706	1,911	3,675	1,486	273,950
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	67.9%	100.0%
Exited as an applicant	Number	713	811	584	641	1,089	376	45,694
	Percent	32.6%	34.4%	34.2%	33.5%	29.6%	52.7%	16.7%
Exited during or after trial work experience/extended evaluation	Number	0	0	0	3	40	40	1,910
	Percent	0.0%	0.0%	0.0%	0.2%	1.1%		0.7%
TOTAL NOT DETERMINED ELIGIBLE	Number	713	811	584	644	1,129	416	47,604
	Percent	32.6%	34.4%	34.2%	33.7%	30.7%	58.3%	17.4%
Exited without employment after IPE, before services	Number	0	0	0	23	201	201	8,173
	Percent	0.0%	0.0%	0.0%	1.2%	5.5%		3.0%
Exited from order of selection waiting list	Number	0	0	0	0	0	0	2,978
	Percent	0.0%	0.0%	0.0%	0.0%	0.0%		1.1%
Exited without employment after eligibility, before IPE	Number	504	625	393	292	487	-17	62,559

All Individual Cases Closed	Number, Percent, or Average	2007	2008	2009	2010	2011	Change from 2007 to 2011	Agency Type 2011
TOTAL EXITED AFTER ELIGIBILITY, BUT PRIOR TO RECEIVING SERVICES	Number	504	625	393	315	688	184	73,710
	Percent	23.0%	26.5%	23.0%	16.5%	18.7%	36.5%	26.9%
Exited with employment	Number	575	576	410	475	660	85	80,711
	Percent	26.3%	24.4%	24.0%	24.9%	18.0%	14.8%	29.5%
Exited without employment	Number	397	346	319	477	1,198	801	71,925
	Percent	18.1%	14.7%	18.7%	25.0%	32.6%	201.8%	26.3%
TOTAL RECEIVED SERVICES	Number	972	922	729	952	1,858	886	152,636
	Percent	44.4%	39.1%	42.7%	49.8%	50.6%	91.2%	55.7%
EMPLOYMENT RATE	Percent	59.16%	62.47%	56.24%	49.89%	35.52%	-39.95%	52.88%
Transition age youth	Number	405	473	330	467	1,039	634	97,282
	Percent	18.5%	20.1%	19.3%	24.4%	28.3%	156.5%	35.5%
Transition aged youth employment outcomes	Number	97	104	61	82	158	61	29,062
	Percent	16.9%	18.1%	14.9%	17.3%	23.9%	62.9%	36.0%
Competitive employment outcomes	Number	566	576	370	422	556	-10	76,087
	Percent	98.4%	100.0%	90.2%	88.8%	84.2%	-1.8%	94.3%
Supported employment outcomes	Number	78	78	85	97	181	103	10,480
	Percent	13.6%	13.5%	20.7%	20.4%	27.4%	132.1%	13.0%
Average hourly wage for competitive employment outcomes	Average	\$12.35	\$11.94	\$12.79	\$12.99	\$13.46	\$1.10	\$11.22
Average hours worked for competitive employment outcomes	Average	37.5	36.7	35.1	35.2	36.2	-1.3	31.4
Competitive employment outcomes at 35 or more hours per week	Number	464	444	255	295	391	-73	39,622
	Percent	80.7%	77.1%	62.2%	62.1%	59.2%	-15.7%	49.1%
Employment outcomes meeting SGA	Number	539	530	358	402	551	12	48,900
	Percent	93.7%	92.0%	87.3%	84.6%	83.5%	2.2%	60.6%
Employment outcomes with employer-provided medical insurance	Number	164	151	60	127	229	65	19,640
	Percent	28.5%	26.2%	14.6%	26.7%	34.7%	39.6%	24.3%

Positive Trends

DCRSA's performance on all four quality indicators for employment outcomes exceeded that of other combined agencies during the period reviewed (FY 2007 through FY 2011). First, the average hourly wage earned by individuals who achieved competitive employment outcomes increased by \$1.10 over the period, to \$13.46 in FY 2011, \$2.24 higher than the national average

for combined agencies that year. Second, these individuals worked an average of 36.2 hours per week in FY 2011, higher than the national average of 31.4 hours per week worked by individuals who were served by all other combined agencies and achieved competitive employment. Third, the percentage of individuals who achieved competitive employment outcomes with earnings meeting or exceeding the level of substantial gainful activity, as defined by the Social Security Administration, was 83.5 percent, compared to the percentage of 60.6 percent for all other combined agencies in FY 2011. Finally, employment outcomes with employer-provided medical insurance accounted for 34.7 percent of individuals exiting with employment, compared to 24.3 percent for all other combined agencies in FY 2011.

Furthermore, supported employment (SE) outcomes increased 131.2 percent under the period reviewed, with 103 more SE outcomes in FY 2011 than FY 2007. SE outcomes accounted for 27.4 percent of closed cases in FY 2011, higher than the percentage of 13 percent for all other combined agencies.

From FY 2007 to FY 2011, DCRSA increased the percentage of youth with disabilities it served, compared to all individuals served by the agency whose cases were closed, from 18.5 percent to 28.3 percent. Moreover, the percentage of transition-age youth exiting with employment outcomes increased from 16.9 percent in FY 2007, to 23.9 percent in FY 2011.

Trends Indicating Potential Risk to the Performance of the VR Program

DCRSA closed 2,189 cases in FY 2007, and 3,675 cases in FY 2011, an increase of 67.9 percent. From FY 2007 to FY 2011, 52.7 percent more individuals served exited the VR program as an applicant and prior to the determination of eligibility. Specifically, in FY 2011, 29.6 percent of individuals exited as an applicant compared to the national average of 16.7 percent for other combined agencies. From FY 2010 to FY 2011, 178 more individuals exited without employment after developing an IPE, but before receiving services, and 195 more individuals exited without employment after the determination of eligibility and before the development of the IPE. Furthermore, 373 more individuals exited the program after the determination of eligibility, but prior to receiving services, in FY 2011 than in the prior year.

From FY 2007 to FY 2009, DCRSA reported that no individuals exited the VR program during or after the provision of trial work experiences or extended evaluations. However, the agency reported three individuals exited the program at the stage of the VR process in FY 2010, while 40 individuals did so in FY 2011.

Over a three-year period, DCRSA's employment rate substantially decreased, from 62.47 percent in FY 2008, to 35.52 percent in FY 2011, less than the FY 2011 rate of 52.88 percent for all other combined agencies. From FY 2007 to FY 2011, 201.8 percent more individuals exited the agency without employment. Competitive employment outcomes decreased from 98.4 percent in FY 2007, to 84.2 percent in FY 2011. This represents a decrease of nearly 15 percent over the five-year period reviewed and was ten percent less than the percentage of 94.3 percent for all other combined agencies in FY 2011.

Although DCRSA increased the percentage of youth served (28.3 percent) and the percentage of those who achieved employment (23.9 percent) in FY 2011, DCRSA's performance was below

that of all other combined agencies. Among agencies of this type, 52.88 percent of the population served was youth, of whom 36 percent achieved employment in FY 2011.

Throughout the course of the review, RSA discussed both the agency's positive performance trends and those that posed potential risk to the VR program. DCRSA indicated its intent to conduct further analyses to determine the factors contributing to its performance related to individuals exiting at all stages of its service delivery process. DCRSA reported that the substantial increase in case closures, at all stages, resulted from the agency transferring its data to a new case management system in the third quarter of FY 2010. Through this migration, DCRSA identified individuals who had not remained in contact with the agency or who were no longer receiving services, but whose cases had not been closed in a timely manner. Apart from the implementation of its new case management system, DCRSA attributed performance in this area to the fact that many recipients of services are transient and frequently relocate within the tri-state area, including Maryland and Virginia. In particular, DCRSA reported that changes to the referral and application processes were currently underway in an effort to retain individuals in the early stages of the VR process, as well as strategies to remain in contact with individuals after they are determined eligible and prior to IPE implementation. These strategies include requiring multiple documented attempts to contact individuals and supervisory approval to close cases of individuals after an IPE has been developed.

DCRSA explained that prior to FY 2010 the agency did not use trial work experiences or extended evaluations. However, after the agency provided training to its staff related to these services, the use of these processes increased in subsequent years.

DCRSA attributed the decline in performance related to its employment rate to the ever stringent qualification requirements for job opportunities in a highly-skilled metropolitan workforce that often precludes individuals receiving services from the agency. Agency staff reported that it is working to address this issue with enhanced job development and placement initiatives. These include the addition of specialized job placement providers to its community rehabilitation program contracts, the establishment of the Employer Relations Unit within the Operations Division, the Field Services Division's heightened focus on disability management and job retention strategies, the continuation of partnerships with the American Job Centers in the District, and an effort to market DCRSA and the District as an "employment-first state."

In discussing the 132.1 percent increase in SE closures from FY 2007 to FY 2011, DCRSA credited this to the agency adding nearly 20 new SE providers since FY 2008 and eliminating the agency-imposed arbitrary limit on the number of individuals who can receive SE services in a given year. Additionally, DCRSA reported increasing its client base via the establishment of new referral sources and outreach sites in the community.

Fiscal Analysis

Table 2.2
CRSA Fiscal Performance Data for FY 2008 through FY 2012

VR Fiscal Profile	Quarter	2008	2009	2010	2011	2012
Grant amount per MIS	4 th	12,641,236	12,989,280	13,345,845	14,872,642	13,500,446
	Latest/ Final*	12,641,236	12,989,280	13,345,845	14,872,642	
Total outlays	4 th	18,186,758	18,385,820	15,113,591	15,048,668	14,895,576
	Latest/ Final*	20,559,025	21,102,225	21,156,891	21,198,902	
Total unliquidated obligations	4 th	499,033	0	0	0	0
	Latest/ Final*	0	0	0	0	
Federal share of total outlays	4 th	10,268,969	10,272,875	7,171,277	7,576,955	7,314,319
	Latest/ Final*	12,641,236	12,989,280	13,214,577	13,727,189	0
Federal share of unliquidated obligations	4 th	499,033	0	0	0	
	Latest/ Final*	0	0	0	0	0
Total federal share	4 th	10,768,002	10,272,875	7,171,277	7,576,955	7,314,319
	Latest/ Final*	12,641,236	12,989,280	13,214,577	13,727,189	
Recipient funds	4 th	7,917,789	8,112,945	7,942,314	7,471,713	7,581,257
	Latest/ Final*	7,917,789	8,112,945	7,942,314	7,471,713	
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	7,917,789	8,112,945	7,942,314	7,471,713	7,581,257
	Latest/ Final*	7,917,789	8,112,945	7,942,314	7,471,713	
Agency required match	4 th	2,779,276	2,780,333	1,940,892	2,050,688	1,979,606
	Latest/ Final*	3,421,326	3,515,523	3,576,499	3,715,237	
Over/under match	4 th	-5,138,513	-5,332,612	-6,001,422	-5,421,025	-5,601,651
	Latest/ Final*	-4,496,463	-4,597,422	-4,365,815	-3,756,476	
MOE**	4 th					

	Quarter	2008	2009	2010	2011	2012
VR Fiscal Profile						
	Latest/ Final*		8,112,945	7,492,314	7,471,713	
Unobligated funds qualifying for carryover	4 th	1,873,234	2,716,405	6,174,568	7,295,687	6,186,127
	Latest/ Final*	0	0	131,268	1,145,453	
Total program income realized	4 th	162,482	139,796	0	73,285	27,900
	Latest/ Final*	162,482	139,796	0	73,285	
Total indirect costs	4 th		3,381,473	3,333,683	1,417,747	3,434,823
	Latest/ Final*	3,452,778	3,381,473	147,488	3,207,572	

*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 FY 2008 through FY 2012. As of the time of the on-site review, the SF-425 for the fourth quarter of FY 2012 was the only FY 2012 report required. Therefore, line items in the FY 2012 for the latest/final report are blank.

Based on the information reported, the agency was able to match its entire federal award in all years from appropriations from the D.C. government. In fact, DCRSA receives an appropriation sufficient to match approximately \$22 million in federal funds. In FY 2011, DCRSA requested and received an additional \$1,500,000 in federal funds in the reallocation process.

With the exception of FY 2011, the agency has also been able to meet its Maintenance of Effort requirements. RSA withheld the agency's FY 2009-FY 2011 MOE shortfall of \$641,232 from the agency's FY 2012 award. Fiscal staff in the DSA stated that DCRSA will also incur a MOE shortfall for the FY 2010-FY 2012 period. However, the shortfall will not be confirmed until DCRSA submits an SF-425 for the period ending March 31, 2013, after the publication of this report.

The amount of program income collected from reimbursements from the Social Security Administration fluctuated during the five-year period, from a high of \$162,482 to a low of \$0.00. In FY 2010, DCRSA collected no program income. DCRSA reassigned staff duties, enabling it to assign one staff member to the processing of claims for Social Security reimbursement. As a result, program income collections increased during the last two fiscal years.

DCRSA's cognizant agency, the U. S. Department of Health and Human Services, approved the agency's Indirect Cost Rate Proposal and approved a provisional rate for FY 2012 of 48.0 percent of salaries and fringe benefits. However, DCRSA charges a lower percentage, approximately 43 percent of salaries and fringe benefits, as this lower amount more accurately reflects agency indirect costs. RSA provided technical assistance concerning the agency's indirect cost rate during the review (see Section 5.C).

RSA also reviewed SF-425s submitted for the Supported Employment Services award from FY 2008 through FY 2012. DCRSA was awarded \$300,000 in each fiscal year from 2007 through 2012. All Supported Employment funds were expended within the award period, with the exception of FY 2011, in which \$8,514 was left unobligated.

SECTION 3: EMERGING PRACTICES

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

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

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

As a result of its monitoring activities, RSA did not identify any emerging practices that the agency submitted at the time of report publication.

SECTION 4: RESULTS OF PRIOR MONITORING ACTIVITIES

During its review of the VR and SE programs in FY 2013, RSA assessed progress toward the implementation of recommendations that DCRSA agreed to address during the prior monitoring cycle in FY 2008 and the resolution of findings from that review. The additional technical assistance requested by the agency to enable it to implement these prior recommendations and to resolve any outstanding compliance findings is contained in Appendix A of this report titled “Agency Response.”

Recommendations

In response to RSA’s monitoring report dated September 12, 2008, DCRSA agreed to implement the recommendations below. A summary of the agency’s progress toward implementation of each recommendation appears below.

1. Overall Performance: Employment Outcomes and the Number of Individuals Served

Recommendation 1: RSA recommends that DCRSA:

- 1.1 develop a comprehensive strategic performance plan that identifies key challenges to improving performance and establishes measurable targets for growth in the program in terms of individuals served and employment outcomes. Some of the factors the agency should consider as part of its analysis include, but are not limited to: staffing needs; service policies that potentially limit choice and the range and scope of vocational goals; expenditures for purchased services; the quality of services provided by CRPs; administrative costs; and shifting demographics in the District of Columbia; and
- 1.2 utilize the recently completed comprehensive statewide assessment to identify individuals who may be unserved or under-served and their VR needs, and establish measurable performance targets.

Status: DCRSA took a number of steps to address the recommendation. The agency develops an annual performance plan that identifies specific goals in improving performance in employment outcomes (e.g., number of clients employed for 90 days or more); timely processing of cases – both determination of eligibility and development of IPEs; monitoring percent of referrals to community rehabilitation program (CRP) providers resulting in employment within 90 days).

DCRSA took into account the underserved identified in the 2008 statewide comprehensive needs assessment in establishing an outreach strategy to increase outreach to Wards 7 and 8, within the District and to expand outreach to non-English speaking consumers, particularly, those who are Spanish speaking.

2. The Quality of DCRSA's Employment Outcomes

Recommendation 2: RSA recommends that DCRSA:

- 2.1 develop strategies to improve the quality of employment outcomes as measured by the agency's performance on Indicator 1.5;
- 2.2 conduct a comprehensive review of the types of employment available to consumers in DC that are career or professionally oriented and are more likely to pay salaries that approximate the average state wage, as well as provide health care benefits;
- 2.3 review its policies on providing postsecondary educational services, including its tuition and fees processing procedures, to ensure that such services are not impeded or inadvertently discouraged by routine agency practices;
- 2.4 provide training to VR counselors on the in-state tuition policy to ensure that consumers are fully informed about their range of postsecondary educational options, including the right to attend out-of-state and/or vocational schools when appropriate;
- 2.5 examine its contracting procedures to identify mechanisms for expanding the capacity of CRPs to provide VR services to individuals in the District of Columbia;
- 2.6 utilize its most recent comprehensive statewide assessment, just completed in June 2008, to establish goals for expanding CRP capacity;
- 2.7 develop an employer network and placement database to better match consumers with the needs of employers and to track areas of promising placement trends; and
- 2.8 develop strategies to enhance the collaboration among the employment placement specialists and the staff of the VR Unit to foster a closer working relationship with VR counselors.

Status: Because of the relatively high average wage in the District of Columbia, DCRSA continues to experience difficulty in meeting the required performance level for Indicator 1.5. However, the agency continues to perform better than all other combined agencies with respect to both wages earned and percentage of consumers moving into jobs that provide health insurance (see Section 2 above).

In FY 2010, DCRSA revised its VR service policies and provided training for all staff. Current policies and regulations are provided in written form to all VR counselors.

DCRSA significantly expanded the number of CRPs with which it contracts. At the time of the 2008 monitoring visit, DCRSA contracted with seven providers; today, DCRSA contracts with 22. Furthermore, there are no longer any artificial limits on the referrals to each of these providers.

DCRSA established the Business Relations Unit to increase employer contacts and job development opportunities for DCRSA customers. DCRSA established contacts within the federal government to increase job placement opportunities for higher wage earning opportunities, and is actively working with partners in Virginia and Maryland on regional employment strategies. Additionally, DCRSA collaborates with the DC Business Leadership Network to maintain and grow relationships with private sector employers. DCRSA improved its inter-agency collaboration with the Department of Employment Services to increase access to employment opportunities advanced through District of Columbia employment initiatives. In

addition, the Business Relations Unit provides current employment trend information to VR specialists.

3. Services to Transition-Age Youths

Recommendation 3: RSA recommends that DCRSA:

- 3.1 develop measurable goals, including annual and long-range targets, to increase the number of transition-age youths served by the agency and the employment outcomes they achieve, as well as strategies to achieve the goals;
- 3.2 conduct comprehensive training with all Client Services Division staff to ensure that VR counselors and transition specialists understand their respective roles;
- 3.3 take steps to improve the communication and coordination between staff of the Transition Unit and the Client Services Division to improve the timely determination of eligibility and development of thoughtful and thorough IPEs;
- 3.4 develop or purchase instructional materials and workshop curricula to provide the transition specialists with the tools they need to do their assigned work in the public schools;
- 3.5 develop strategies to improve communication and collaboration among the DDS, DCRSA , the Office of the Superintendent of the District of Columbia Public Schools, and the Office of Special Education in order to foster better understanding of the role of transition services for eligible youths in the public schools;
- 3.6 enable the transition specialists to work with transition-age youths prior to their graduation year in order to better facilitate the determination of eligibility of individuals who may be served by the VR program, and to ensure that an appropriate assessment is conducted that results in the development of a more substantive IPE; and
- 3.7 identify the resources needed to expand its transition initiative into the District of Columbia charter schools in order to reach a greater number of transition-age youths who may be eligible for VR services.

Status: DCRSA established specific performance goals for its transition unit in FY 2009, and maintains these goals into FY 2014. In 2010, DCRSA developed a cadre of VR specialists within the transition unit to address the concern regarding the delays in referral from the transition specialists to VR specialists working in general VR units. Currently, all transition age youth are served by VR specialists in the transition unit (with the exception of deaf youth, who are served in the Deaf and Hard of Hearing unit).

DCRSA is currently working with the District of Columbia Public Schools (DCPS), the District of Columbia Office of the State Superintendent for Education (OSSE), and a private non-profit organization, School Talk, Inc., to develop a Transition Tool Kit to provide information regarding DCRSA transition services.

DCRSA has transition specialists who coordinate with a number of the charter schools that serve youth with disabilities. DCRSA is working with OSSE to ensure that it establishes outreach to all eligible youth in DC charter schools.

4. Services to Individuals under the Title VI SE Program

Recommendation 4: RSA recommends that DCRSA:

- 4.1 expand the number of CRPs contracted to provide SE services, through a thorough review of how such services are contracted, and identification of potential barriers to CRPs that wish to contract with DCRSA to provide such services;
- 4.2 examine results of its recently completed comprehensive statewide assessment to incorporate recommendations for the need to expand services to individuals with the most significant disabilities, including those who may need SE services; and
- 4.3 incorporate in the SRC's next customer satisfaction survey a component addressing the services provided to individuals receiving services under Title VI.

Status: DCRSA significantly increased the number of CRPs with which it contracts to provide supported employment services (seven in 2008 to 22 currently). In addition, the agency is collecting performance data from each of the CRPs and is making this information available to VR specialists and consumers, to assist with decisions concerning service providers. The agency recently expanded its quality assurance unit, adding two additional program monitors, who will focus exclusively on external monitoring, to improve the quality reviews of the CRPs.

5. VR Service Policies and Procedures

Recommendation 5: RSA recommends that DCRSA:

- 5.1 develop a comprehensive policy and procedures manual that is consistent with all federal statutory and regulatory requirements, and that provides guidance to program managers, rehabilitation supervisors, counselors and support staff for the provision of VR services;
- 5.2 develop a plan for the completion of the policy and procedures manual, including timelines and strategies to foster full participation by the SRC, the Client Assistance Program, agency staff, individuals with disabilities, and other stakeholders throughout the process;
- 5.3 take steps to ensure that the policy and procedures manual is available to agency staff, the SRC, the Client Assistance Program, stakeholders, and the public and that the manual is accessible to all individuals with disabilities – this may be accomplished by placing the manual on the agency's website;
- 5.4 develop a plan for the provision of training on the new manual to all agency management and staff; and
- 5.5 develop and implement a protocol by which the Quality Assurance Division can review the new policies to track the effectiveness of implementation and the impact service delivery policies have on agency performance.

Status: In FY 2010, the agency completed a comprehensive Policy and Procedure Manual. The manual was reviewed by the agency's Office of General Counsel to ensure compliance with District of Columbia and federal regulations. A printed copy of the manual was provided to all DCRSA staff and all staff received training on the policies in the manual. The manual is available on-line to the public. The supervisor of DCRSA's Office of Quality Assurance and Compliance is responsible for regularly reviewing policies and practice to ensure compliance.

6. Staffing of the Agency

Recommendation 6: Given the continuing loss of staff largely due to retirements, RSA recommends that DCRSA:

- 6.1 undertake a comprehensive strategic analysis of its staffing needs, with particular attention to the need for VR counselors and the impact of staffing needs on agency performance goals;
- 6.2 take full advantage of its department level hiring authority to fill all vacancies as appropriate, with particular attention to the need for VR counselors; and
- 6.3 develop strategies to enhance its ability to recruit and retain qualified VR counselors.

Status: DCRSA established a performance goal of ensuring that all VR counselors have a Certified Rehabilitation Counselor (CRC) by October, 2015. The agency implemented steps in its state plan to ensure compliance with this goal, including support for training for staff who have not yet obtained a CRC, support for staff to take the CRC examination, and support for on-going training to ensure that staff are able to maintain continuing education requirements. The agency has independent hiring authority, which it uses to ensure adequate recruitment and hiring of appropriate staff. In addition to traditional recruitment channels, the agency used the services of a private recruitment firm to identify and recruit qualified VR staff.

7. Case Management System and Data Reporting

Recommendation 7: RSA recommends that DCRSA:

- 7.1 invest in a new case management system;
- 7.2 conduct a comprehensive survey of all staff to determine the range and scope of needs from any new system, including fiscal, contractual, and data collection needs; and
- 7.3 plan to conduct comprehensive training of all staff upon implementation of the new system to maximize the benefit of the expenditure.

Status: In FY 2010, DCRSA purchased a new case management system.

8. Financial Planning

Recommendation 8: RSA recommends that DCRSA:

- 8.1 strengthen its financial planning process by formally defining and assigning responsibilities and developing timetables for implementing an on-going financial planning process that reflects the values of DCRSA and brings the agency closer toward meeting stated program and financial goals for each fiscal year;
- 8.2 increase the forecasting skills of financial and program staff; and
- 8.3 continue plans to replace the case management system with a system that meets the program needs of the agency and also has the ability to interface with the accounting system.

Status: In FY 2011, DCRSA established an Operations Manager position and assigned fiscal monitoring and forecasting to this position. In FY 2013, DCRSA will make changes to its case management system to improve fiscal management and forecasting ability. The DDS

Administrative Officer is convening quarterly financial planning meetings with DCRSA to reconcile the case management system's obligations with payments made by the District's payments system and to fine tune forecasting on a quarterly basis.

9. Utilization of Program Income (Social Security Cost Reimbursement)

Recommendation 9: RSA recommends that DCRSA:

- 9.1 explore strategies for maximizing the total amount of program income received from the Social Security Administration; and
- 9.2 report all program income transferred from the State VR Services Program to other formula grant programs in Block 12, "Remarks," in Financial Status Reports (SF-269s) submitted to RSA for these programs.

Status: In FY 2013, DCRSA made changes to the case management system to maximize reimbursements from the Social Security Administration. DCRSA will be following through with the other recommendations in this section in anticipation of increases in program income. Tentatively, plans are to transfer funds to Independent Living services.

10. Procurement/Contract Management

Recommendation 10: RSA recommends that DCRSA strengthen internal controls over the payment terms of future contractual arrangements to ensure the protection of the federal and non-federal interest in purchased services.

Status: The FY 2013 contract for the comprehensive statewide needs assessment will include stringent deliverable requirements prior to payments. Additionally, DCRSA's contracts since FY 2008 have required clear deliverable and payment schedules to address this contract weakness.

11. Administrative Costs

Recommendation 11: RSA recommends that DCRSA:

- 11.1 analyze what it reports on the RSA-2 report as administrative costs to ensure that it is recording such expenses properly;
- 11.2 examine its cost-sharing arrangements with the DSA to ensure that administrative costs are not being over-allocated to the DSU; and
- 11.3 assess why administrative costs are so high, if costs are being appropriately allocated to DCRSA, and consider ways of moving more funds from administrative costs into service provision in order to increase the agency's employment outcomes and overall agency performance.

Status: DCRSA transitioned into the newly established agency, the Department on Disability Services (DDS), and the DCRSA management team was reorganized and has reduced administrative costs.

Immediately prior to the re-organization of the agency, the D.C. government established a fund to support the administrative costs associated with the reorganization. Administrative costs for fiscal staff were charged to this fund and not reported as part of non-federal program outlays. While not reporting administrative costs lowered the total amount of costs charged to the award, not reporting non-federal program outlays resulted in Finding 3 outlined in Section 6 of this monitoring report.

Compliance Findings and Corrective Actions

As the result of the monitoring conducted during FY 2008, DCRSA developed a corrective action plan (CAP) that included the steps DCRSA must take to resolve the compliance findings identified in the monitoring report dated September 12, 2008, timelines for the implementation of the steps and the methods by which the agency and RSA would evaluate the agency's progress toward the resolution of the findings. A summary of DCRSA's progress toward the resolution of each finding appears below.

Through the implementation of the CAP, DCRSA successfully resolved a programmatic compliance finding related to the provision of supported employment services. DCRSA has not successfully resolved compliance findings related to the following areas, and continues to work toward their resolution:

- the appointment of members to the SRC;
- the maintenance of periodic certifications by staff working on a single cost objective (see Section 6, Finding 1.A); and
- the assignment of personnel costs (see Section 6, Finding 1.C).

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 DCRSA with the federal requirements related to its organization within the Department on Disability Services (DDS) and the ability of the DCRSA 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:

- the progress of DCRSA toward the implementation of recommendations and the resolution of findings related to these requirements identified in prior monitoring reports (see Section 4 above);
- compliance with statutory and regulatory provisions governing the organization of DDS and DCRSA under 34 CFR 361.13(b);
- processes and practices related to the promulgation of VR program policies and procedures;
- the manner in which DCRSA 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 DCRSA 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:

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

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

- diagrams, organizational charts and other supporting documentation illustrating the DSU's position in relation to the DSA, its relationship and position to other agencies that fall under the DSA, and the direction of supervisory reporting between agencies;
- diagrams, tables, charts and supporting documentation identifying all programs from all funding sources that fall under the administrative purview of the DSU, illustrating the number of full-time equivalent (FTE) staff working on each program;

- the number of full-time employees (FTEs) in each program, identifying the specific programs on which they work and the individuals to whom they report, specifically including:
 - individuals who spend 100 percent of their time working on the rehabilitation work of DDS;
 - individuals who work on rehabilitation work of the DCRSA and one or more additional programs/cost objectives (e.g., one-stop career centers); and
 - individuals under DCRSA 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 District of Columbia procurement requirements and processes.

Overview

DCRSA, the DSU and sole agency responsible for the administration of the VR and SE programs, is located within the Department on Disability Services (DDS), the DSA. DDS, administered by a director who reports to the Mayor, consists of two main administrations, including DCRSA and the Developmental Disabilities Administration, as well as the District's Disability Determination Division. The two administrations and single division report directly to the director of DDS. DCRSA is at a level comparable to the other administration.

The deputy director of DCRSA administers one central office consisting of three divisions, including the Operations Division, the Division of Services for the Blind, and the Field Services Division. As of February 5, 2013, DCRSA reported a total of 112 full-time equivalent (FTE) positions, of which two were assigned as administrative support to the deputy director and one as a management analyst. Further, 27 were located in the Operations Division, 14 in the Division of Services for the Blind, and 67 in the Field Services Division.

RSA's review of the organizational structure of DCRSA did not result in the identification of observations and recommendations; nor did it result in the identification of compliance findings.

Technical Assistance

The RSA review team provided technical assistance to DCRSA related to the organizational structure focus area while on-site in the District of Columbia. Specifically, RSA recommended that DCRSA, in partnership with DDS, develop a strategic plan to guide DCRSA in fully utilizing the services and resources SODA provides to the agency.

B. Transition Services and Employment Outcomes for Youth with Disabilities

The purpose of this focus area was to assess DCRSA'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 DCRSA and the resolution of findings related to the provision of transition services identified in the prior monitoring report from FY 2008 (see Section 4 above);
- the formal interagency agreement between the VR agency and the state educational agency (SEA), the District of Columbia's Office of the State Superintendent of Education (OSSE);
- VR service policies and procedures;
- VR agency resources and collaborative efforts with other federal, state and local entities;
- the Memorandum of Understanding between the District of Columbia Department of Youth Rehabilitation Services (DYRS) and DCRSA, including the interagency transfer to DCRSA from DYRS;

- the Memorandum of Agreements between the Department of Disability Services' DCRSA, various federal agencies, and District of Columbia Public Schools to implement Project SEARCH;
- a Memorandum of Understanding between DCRSA and a local educational agency (LEA).

To assess the performance related to the provision of transition services and the outcomes achieved by youth with disabilities, RSA reviewed DCRSA relevant data from FY 2007 through FY 2011, describing:

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

To provide context for the agency's performance in the area of transition, RSA also compared the performance of DCRSA with that of all combined 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:

- DCRSA deputy director;
- DCRSA operations program manager;
- supervisor of the DCRSA Blind and Visual Impairment Division;
- SODA program manager and staff;
- DCRSA VR program supervisors;
- DCRSA transition and vocational rehabilitation specialists from the Transition Unit;
- DCRSA rehabilitation assistants;
- DCRSA staff serving as liaisons to the SEA, LEAs and other agencies;
- Liaison from DCRSA to the DC Office of the State Superintendent of Education, Division of Special Education;
- DC Department of Youth Rehabilitation Services; and
- Supported Employment community rehabilitation providers.

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

Technical Assistance

The RSA review team provided technical assistance to DCRSA in the area of transition services and employment outcomes for youth with disabilities while on-site in the District of Columbia. Specifically, RSA provided guidance on a wide variety of topics, including the:

- federal requirements related to the timely processing of referrals and applications, as well as trial work experiences and extended evaluations;
- process for defining individuals as those with most significant or significant disabilities;
- timely determination of eligibility within 60 days from the date an application is submitted by an individual for VR services;
- provision of individualized VR services through plans that contain all mandatory components of an IPE;
- coding and reporting of all services, whether purchased by DCRSA or provided through comparable benefits, on the RSA-911;
- provision of supported employment services and the use of plans to increase the wages of individuals who achieve supported employment with earnings that are not competitive; and
- formal interagency agreement with the SEA and agreements with LEAs.

RSA also provided an analysis of and guidance related to DCRSA's performance outcomes for youth with disabilities from the previous review through FY 2011, including the percentage of youth served, provision of services, quantity of employment outcomes and the substantial decrease in the employment rate for youth with disabilities.

C. Fiscal Integrity of the Vocational Rehabilitation Program

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

RSA used a variety of resources and documents in the course of this monitoring, including data maintained on RSA's MIS generated from reports submitted by the VR agency, e.g., Financial Status Report (SF-269/SF-425) and the Annual VR Program/Cost Report (RSA-2). The review covered fiscal data from FY 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 2008 monitoring report issued pursuant to Section 107 of the Rehabilitation Act (see Section 4 above for a report of the agency's progress toward implementation of recommendations and resolution of findings);
- A-133 audit findings and corrective actions;
- state/agency allotment/budget documents and annual federal fiscal reports;
- grant award, match, MOE, and program income documentation;
- agency policies, procedures, and forms (e.g., monitoring, personnel certifications, procurement and personnel activity reports), as needed;
- documentation of expenditures including contracts, purchase orders and invoices;
- 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 DCRSA did not result in the identification of observations and recommendations. The compliance findings identified by RSA through the implementation of this focus area are contained in Section 6 of this report.

Technical Assistance

RSA provided technical assistance to DCRSA regarding its Indirect Cost Rate during the on-site visit. During these discussions, DCRSA stated that its cognizant agency, the U. S. Department of Health and Human Services (HHS), approved the agency's Indirect Cost Rate Proposal and approved a provisional rate for FY 2012 of 48.0 percent of salaries and fringe benefits. However, DCRSA charges a lower percentage, at approximately 43.0 percent of salaries and fringe benefits. Fiscal staff stated that the lower rate more accurately reflects agency indirect costs. RSA recommended that DCRSA work with both HHS and with its contractor that prepares its indirect cost rate analysis to adjust the indirect cost rate to align with agency indirect costs.

SECTION 6: COMPLIANCE FINDINGS AND CORRECTIVE ACTIONS

RSA identified the following compliance findings and corrective actions that DCRSA 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.

DCRSA 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 and submitted online using the [RSA website](#) within 45 days from the issuance of this report and RSA is available to provide technical assistance to enable DCRSA to develop the plan and undertake the corrective actions.

RSA reserves the right to pursue enforcement action related to these finding as it deems appropriate, including the recovery of funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of the Education Department General Administrative Regulations (EDGAR).

1. Personnel Costs

Background:

Federal regulations require DCRSA 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). DCRSA is also 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)). As explained below, DCRSA is not in compliance with federal regulations and federal cost principles specific to the allocation of personnel costs because it:

- does not maintain accurate periodic certifications for employees working solely on one grant;
- does not maintain accurate personnel activity reports for employees working on more than one grant program; and
- may improperly charge indirect costs and salary expenses for staff working on the VR and other programs solely to the VR award.

A. Periodic Certifications

Legal Requirements:

- Federal Cost Principles—2 CFR 225, Appendix B, paragraph 8.h.3

- VR Program Regulations—34 CFR 361.12; and 34 CFR 80.20(a)

Finding:

This finding has not been corrected since having been identified in the FY 2008 Monitoring Report. DCRSA has not complied with Federal Cost Principles at 2 CFR 225, Appendix B, paragraph 8.h.3, which states:

Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

Since the previous monitoring review, DCRSA provided copies of its staff certifications, as required under its Corrective Action Plan (CAP). Sample staff certifications submitted in 2011 and 2012 listed all staff members, including the former Deputy Director, as spending 100 percent on their time on the Vocational Rehabilitation award. The duties of the Deputy Director include oversight of the entire operations and programs of DCRSA, which encompasses State Independent Living Services and Blind and Visual Impairment Programs. DCRSA also provided certifications covering the six-month period ending September 30, 2012, that indicated staff members, with the exception of the RSA Deputy Director, the Program Manager for Blind and Visual Impairment Programs, and one staff member dedicated to the State Independent Living Services award, worked solely on one cost objective, the VR award, for the six-month period. Staff in the Operations Division: the Operations Program Manager; staff in Quality Assurance; staff in Business Services, which includes Internal Payments, Contract Services, and Budgeting; and staff in the Employer Relations Unit, all report that they spend 100 percent of their time working on the VR award. Although these services benefit the VR award, the benefit of these services also accrues to the other programs and activities of DCRSA.

As additional supporting documentation, DCRSA provided “485 Report” listings for two payroll periods. The report lists all DCRSA staff with the cost centers to which their personnel expenses were charged. This report is generated from the input of each employee, identifying the number of hours worked in a pay period, the number of hours charged to individual grant awards, and the number of hours charged to federal and state funds. When comparing the six-month certification with the “485 Report,” an inconsistency was noted: the most recent former Deputy Director of DCRSA reported that his time was spent entirely on the VR program for the two pay periods reviewed.

The staff certifications provide inaccurate information. At the very least, the two prior Deputy Directors should have allocated their time among the programs administered by DCRSA. In addition, staff in administrative and support functions should also allocate their time among the programs and activities of DCRSA. Remaining staff who, in actuality, work solely on the VR award, should certify their time as such.

This is a repeat finding of noncompliance for DCRSA. RSA reserves the right to initiate enforcement procedures, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of the Education Department General Administrative Regulations (EDGAR) if the agency has not fully complied with the requirements listed above by July 15, 2013. Such enforcement actions may include designating DCRSA as a “high risk” grantee, and imposing conditions on the grant such as drawdown restrictions or withholding grant funds.

Corrective Action 1.A: DCRSA must:

- 1.A.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report indicating that DCRSA has current and accurate periodic certifications, that only employees who work solely on a single cost objective prepared those certifications; and that periodic certifications were prepared in accordance with 34 CFR 361.12, 34 CFR 80.20(a), and 2 CFR 225, Appendix B, paragraphs 8.h.3; and
- 1.A.2 develop and implement procedures and monitoring processes necessary to ensure DCRSA employees who work solely on a single cost objective or single federal award prepare accurate certifications, at least semi-annually, that are signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee.

B. Documentation of Personnel Costs

Legal Requirements:

- Federal Cost Principles—2 CFR 225, Appendix B, paragraphs 8.h.4 and 8.h.5
- VR Program Regulations—34 CFR 361.12; and 34 CFR 80.20(a)

Finding:

DCRSA is not in compliance with federal cost principles at 2 CFR 225 Appendix B, paragraphs 8.h.4 and 8.h.5 which require employees working on multiple cost objectives to maintain personnel activity reports or equivalent documentation that reflect an after-the-fact distribution of the actual activity of each employee. This finding was cited in the FY 2008 Monitoring Report, and the agency has yet to fully comply with regulations. Staff informed RSA that changes were implemented in the current timekeeping software and that the issue of time reporting was remedied in late FY 2012.

During the on-site review, RSA requested personnel activity reports or other documentation supporting the allocation of DCRSA salaries for staff whose time is spent working on multiple programs. DCRSA provided copies of its “485 Report” payroll listing for all DCRSA employees: one from the pay period ending July 28, 2013 and one from the pay period ending August 11, 2012. In each of these pay periods, only two staff members reported working on more than one grant award.

DCRSA employs approximately 112 staff who work in the three divisions which comprise the agency: Operations Division; Division of Blind and Visual Impairment Services; and Field Services Division. In interviews and discussions conducted during the onsite visit, RSA asked whether the remaining staff work solely on the VR award. Management staff replied that: (1)

the new time reporting system could capture time only in increments of 1 hour; and (2) often, time spent on other awards, such as the State Independent Living Services or Independent Living for Older Individuals Who Are Blind, was minimal. For example, answering a question or two would take only moments. Management staff also stated that the processing and work time contracting staff spent on non-VR contracts was minimal. Because these small time increments are difficult to capture using the current system, staff, such as those in the Operations Division, do not report having worked on multiple awards.

DCRSA, therefore, did not provide sufficient documentation to RSA to indicate that time reporting in the new system captures actual time worked on, and to be allocated to, the VR and other grant awards. Therefore, DCRSA cannot ensure that VR program funds are used to support only those personnel costs incurred in the provision of services or the administration of the program, and that the expenditures for personnel costs are traceable and in compliance with all federal requirements.

This is a repeat finding of noncompliance for DCRSA. RSA reserves the right to initiate enforcement procedures, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of the Education Department General Administrative Regulations (EDGAR) if the agency has not fully complied with the requirements listed above by July 15, 2013. Such enforcement actions may include designating DCRSA as a “high risk” grantee, and imposing conditions on the grant such as drawdown restrictions or withholding grant funds.

Corrective Action 1.B: DCRSA must:

- 1.B.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that personnel salaries and associated costs are now being allocated proportionately to all programs in accordance with properly completed personnel activity reports, or equivalent documentation, for individuals who work on more than one federal grant program or cost objective in accordance with 34 CFR 361.12, 34 CFR 80.20(a), and 2 CFR 225, Appendix B, paragraphs 8.h.4 and 8.h.5; and
- 1.B.2 update and implement procedures, including monitoring processes, for individuals who work on more than one federal award or cost objective so that personnel activity reports or equivalent documentation accurately reflects an after-the-fact distribution of the actual activity of each employee; accounts for the total activity for which each employee is compensated; are prepared at least monthly and coincide with one or more pay periods; and, are signed by the employee.

C. Unallowable VR Expenditures and Unallowable Sources of Match

Legal Requirements:

- Rehabilitation Act—Section 111(a)(1)
- VR Program Regulations—34 CFR 361.3 and 34 CFR 361.60(b)(1)
- EDGAR—34 CFR 80.24(a)(1)
- Federal Cost Principles—2 CFR 225, Appendix A, paragraphs C.1.b, C.3.a, and C.3.c

Finding:

DCRSA is not in compliance with Section 111(a) (1) of the Rehabilitation Act, along with regulations at 34 CFR 361.3 and 2 CFR 225 Appendix A, paragraphs C to the degree that it may have expended VR program funds on personnel costs associated with staff working on other programs.

DCRSA must ensure that VR funds are spent solely on the provision of VR services and the administration of the VR program (Section 111(a)(1) of the Rehabilitation Act; 34 CFR 361.3). The OMB Circulars require that federal funds be spent solely on allowable and allocable costs. To be allowable, costs must be necessary and reasonable for carrying out the federal program (2 CFR 225, Appendix A, C.1.a). To be considered reasonable, the cost must be one that would be incurred by a prudent person (2 CFR 225, Appendix A, C.2). To be allocable to the VR program, the cost must be proportional to the benefit received by the federal program (2 CFR 225, Appendix A, C.3.a).

Three divisions comprise DCRSA: Field Services Division; Division of Blind and Visual Impairment Services; and Operations Division. As described in Finding 5.B. above, personnel activity reports were incorrectly prepared. Consequently, the allocation of personnel costs for staff working across the divisions that DCRSA administers is not properly documented.

DCRSA is not allowed to charge salary expenses for staff working on programs other than VR to the VR award. The expenditure of VR program funds to support other programs administered by DCRSA is not allowable as the costs are not traceable to the provision of VR services or to applicants or individuals determined eligible for VR services. To the extent that these funds were used to support State Independent Living Services, Independent Living Services for Older Individuals Who Are Blind, and other programs, the expenditures would not have been allowable under the VR program and would not have been spent in compliance with federal regulations.

Furthermore, the U.S. Department of Health and Human Services, the cognizant agency for DCRSA, approved indirect costs of 48 percent on a base of salaries and associated fringe benefits. To the extent that salaries charged to the VR award are overstated and therefore unallowable, indirect costs charged to the award using salaries as a base are also overstated and are not allowable.

Unallowable Source of Match

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)). To the extent that personnel costs incurred by staff working on other programs administered by DCRSA were not allowable under, or allocable to, the VR program, these expenditures would also not be allowable as a source of non-federal match.

Corrective Action 1.C: DCRSA must:

- 1.C.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that, beginning immediately, DCRSA will only expend federal VR dollars for allocable costs and that supporting documentation will be maintained for personnel expenditures; and
- 1.C.2 cease using VR funds to pay unallowable costs or costs that lack the supporting documentation necessary to ensure that such costs are allowable, specifically those personnel costs related to non-VR programs administered by DCRSA, and cease using related non-federal expenditures to meet the agency's non-federal share, in accordance with Section 111(a)(1) of the Rehabilitation Act; 34 CFR 361.3, 34 CFR 361.12 and 34 CFR 361.60(b)(1); 34 CFR 80.20(a) and 34 CFR 80.24(a)(1); Federal Cost Principles at 2 CFR 225, Appendix A, paragraphs C.1.b, C.3.a and C.3.c.

2. Unallowable Service Provision through the DCRSA Transition Program

Legal Requirements:

- Rehabilitation Act—Sections 7(38); 102(a)(6) and (b)(3); 103(a); and 111(a)(1)
- VR Program Regulations—34 CFR 361.3; 34 CFR 361.5(b)(58); 34 CFR 361.41(b)(1) and (2); 34 CFR 361.46(a); and 34 CFR 361.48

Background:

DCRSA established a Transition Unit in FY 2007 and hired transition specialists to work directly with the District of Columbia schools to identify potential VR consumers, promote the agency and VR services, facilitate the process for determining eligibility and deliver services to transition-age youth. In FY 2010, DCRSA added six VR specialists and a rehabilitation assistant to the Transition Unit. According to DCRSA management, the DCRSA transition program is a comprehensive outreach system designed to develop relationships with and engage transition-age students with disabilities until they enter the VR program. Transition specialists are assigned as liaisons to all public, charter and non-public, non-charter schools in the District of Columbia in order to assist school personnel, students and families with completing referral packets to be submitted to DCRSA.

At the time students with disabilities are referred to DCRSA for services, typically between the sophomore and senior year in high school, both students and parents/guardians complete a, "Government of the District of Columbia, Department on Disability Services, Rehabilitation Services Administration Form" (Transition Referral) and sign a "DCRSA Rehabilitation Services Authorization for Release of Information" (Release Form), granting permission that school personnel are permitted to release student records to DCRSA. According to language contained in the Release Form, the purpose of this form is to, "establish eligibility for vocational rehabilitation services, develop a vocational program for individual and determine the need for/or type of treatment."

During this stage of service delivery, the parents and students do not complete what DCRSA deems a formal application for VR services, nor does DCRSA determine eligibility or develop

IPEs for the students. These processes do not occur until the students enter the VR program when they require services to be purchased (referred to by DCRSA as “purchased” or “cost” services) or the end of a student’s last year in high school, prior to exit. The duration of student participation in the transition program ranges from a few months to three years, depending on the high school year in which a student was referred.

During the on-site monitoring review, the three transition specialists communicated that they attend IEP meetings and disseminate the Transition Referral and Release Forms; facilitate parent workshops on a variety of topical areas; provide information related to DCRSA policies, procedures and services, as well as summer employment referrals and other services; discuss student interests and training requirements; and provide counseling and guidance, including information and support services to assist an individual in exercising informed choice. In addition, transition specialists gather referral information and school records/documentation, which is entered into a transition module within DCRSA’s case management system.

Once a comprehensive referral packet is complete and entered into the system, transition specialists contact a VR specialist, prior to a student exiting the school system (up to three years from referral to the Transition Unit), and request an intake appointment for a student to complete an application for the VR program. Once a VR specialist schedules a student for an intake, the student’s case is closed in the transition module and re-opened as a referral in the VR module of DCRSA’s case management system. During the intake appointment, an application is electronically entered into the case management system and on this date, the eligibility process begins. Eligibility is largely determined based on information received from the school upon the initial entrance into the transition program, as well as additional medical, psychological, or other assessments or evaluation data deemed necessary to determine eligibility. Those students determined eligible for services continue working with their VR specialists to develop IPEs. Students receiving services through the transition program, who do not complete an intake appointment and application, and are not determined eligible for the VR program, cease receiving no cost services after exiting the school system.

Finding:

DCRSA is not in compliance with Section 111(a)(1) of the Rehabilitation Act and regulations at 34 CFR 361.3 because it provides VR services to transition-age youth who are not applicants for or who have not been determined eligible to receive these services. Specifically, DCRSA provides VR services to transition students without implementing the federal requirements governing the acceptance of applications, the determination of eligibility, and the development of IPEs.

Section 111(a)(1) of the Rehabilitation Act and 34 CFR 361.3 require that VR program funds be expended solely for the provision of VR services and the administration of the VR program. To constitute an allowable expenditure as a VR service, the costs must be incurred in the provision of VR services to individuals in accordance with their approved IPEs, pursuant to Section 103(a) of the Rehabilitation Act and 34 CFR 361.48, or to groups of individuals with disabilities, pursuant to Section 103(b) of the Act and 34 CFR 361.49 (Section 7(38) of the Rehabilitation Act; 34 CFR 361.5(b)(58)). As discussed above, the counseling and guidance, including information and support services to assist an individual in exercising informed choice, is an

individualized service, as are the services implied through the purpose of the Release Form. Individualized services cannot be provided to any individual, whether a youth with disabilities or an adult, without the individual applying for services and DCRSA determining eligibility and developing an IPE specifying those services are necessary for the achievement of an employment outcome.

A. Application

DCRSA is not in compliance with the requirements of 34 CFR 361.41(b)(2) because it does not initiate the VR service delivery process for transition-age youth through the acceptance of an application. In accordance with 34 CFR 361.41(b)(2)(i) – (iii), an individual is considered to have made an application for services when he or she:

- (i) (A) Has completed and signed an agency application form;
(B) Has completed a common intake application form in a One-Stop center requesting vocational rehabilitation services; or
(C) Has otherwise requested services from the designated State unit;
- (ii) Has provided to the designated State unit information necessary to initiate an assessment to determine eligibility and priority for services;
and
- (iii) Is available to complete the assessment process.

Although DCRSA does not treat the “Government of the District of Columbia, Department on Disability Services, Rehabilitation Services Administration Form” (Transition Referral) or the “DCRSA Authorization for Release of Information form” (Release Form) as an application for VR services, the content of the forms, along with their execution by the parents/guardians, in actuality constitutes an application for VR services as described in these regulations. The Transition Referral not only includes demographic information, but also includes detailed student, educational, disability and vocational/employment information. The Transition Referral includes more information than the Application Signature Form printed from the VR module of DCRSA’s case management system and includes much of the information discussed at intake, during which a transition-age youth completes an application for the VR program. In addition, the Transition Referral and Release Form are provided to the student and family during an individualized education program (IEP) meeting, attended by a transition specialist. As stated above, the language of the form clearly indicates that the parent/guardian is giving permission for school to release records to VR for the purpose of “establishing eligibility for VR services, developing a vocational program for an individual and determining the need for/or type of treatment.” The assessment for determining eligibility and significance of disability, as well as determining vocational rehabilitation needs, diagnosis and treatment are individualized VR services specified in Section 103(a) of the Rehabilitation Act and regulations at 34 CFR 361.48.

Though not a formal application for services, the information provided in the Transition Referral and permission given through the Release Form to release information for the purpose of establishing eligibility for VR services, developing a vocational program for an individual and determining the need for/type of treatment clearly constitutes a request for VR services in accordance with 34 CFR 361.41(b)(2)(i)(C).

Furthermore, after DCRSA receives the signed Release Form, its staff may receive educational records and other information regarding the student from the school in order to conduct vocational planning. The Release Form details the records DCRSA can access, including the following:

- history and physical examination;
- discharge summary;
- office notes;
- laboratory results;
- medication list;
- list of allergies;
- immunization record; and
- X-ray and imaging reports.

Additionally, the Transition Referral requires that the following documents be included with the “referral” to assist with the determination of eligibility for services:

- current and relevant reports describing disability, functional capacity, independent living skills and support needs (medical and health screening, specialist’s disability assessment, psychological/psychiatric assessment);
- transition planning and services reports (current IEP, records of transition planning meetings);
- career development (vocational education assessment reports, vocational assessment reports, work experience or work study progress reports);
- academic achievement (mentor/work supervisor evaluations, current transcript of courses and grades, type of diploma and credit hours, report of college study skills readings); and
- attendance pattern (attendance report).

By agreeing to the release of the above information, the parent /guardian has provided information sufficient to begin the process of determining the student’s eligibility and priority for services, thereby satisfying the requirements of 34 CFR 361.41(b)(2)(ii).

Finally, because the parent/guardian grants permission for the receipt of VR services through execution of the Transition Referral and Release Form, DCRSA can presume that the student is available to participate in an assessment for the determination of his or her eligibility as required by 34 CFR 361.41(b)(2)(iii). Consequently, all three criteria specified in 34 CFR 361.41(b)(2) are met and the execution of the Transition Referral and Release Form constitutes an application for VR services.

Nonetheless, during on-site interviews with DCRSA staff and management, RSA learned that the Transition Referral and Release Form are not considered to be an application for transition services and that the agency does not require a formal application for the services provided by the transition specialists following receipt of the Transition Referral and Release Form. Rather, the Transition Referral, Release Form and student records and documents provided by the school initiate only the creation of a transition file which is maintained in a Transition Module of

DCRSA's case management system. The file is tracked within DCRSA's database system and is not used as a basis for documenting the date of application for RSA reporting purposes.

B. Eligibility

DCRSA is not in compliance with Section 102(a)(6) of the Rehabilitation Act and 34 CFR 361.41(b)(1) because DCRSA does not determine whether an individual is eligible to receive services within 60 days from the date an application for VR services is made by transition-age youth.

As described above, the execution of the Transition Referral and Release Form by the parent/guardian constitutes an application for VR services. However, because DCRSA does not consider the forms to be an application and does not require the submission of a formal application for services when the Release Form is signed, DCRSA is not proceeding with eligibility determination. The *DCRSA Policy and Procedure Manual, Section II, Referral, Application and Assessment, Procedures – Referral (Status 00), page II – 2* states:

A referral will be keyed into the Case Management Information System (CMIS) in Status 00, when adequate information is received, e.g. name, address, social security number (SSN), and any other demographic information...within five (5) business days, the individual will be contacted and provided information to prepare the individual to consider making an application. If the individual chooses to apply for services, the individual will be given an appointment and the name of a contact person or information to contact the agency for an appointment at a later date.

As disclosed by the transition specialists and confirmed by DCRSA management, transition referrals are not being processed and entered into the Transition Module as soon as the demographic information described above is received. Rather, DCRSA is holding referrals until the Transition Referral and Release Forms are complete and all required records and school documentation are received.

Furthermore, The *DCRSA Policy and Procedure Manual, Section II, Referral, Application and Assessment, II-A Application (Status 02), page II – 3* states:

An individual is considered an applicant and placed in Status 02 when sufficient information to initiate an assessment is received, through written application or other method, and the individual is available to complete the assessment process. If the individual definitely requests to make an application or requests services, the individual is placed in Status 02 regardless of the method of request (including in-person, written, telephone, e-mail or internet.) 34 C.F.R. 361.41(b)(1)(i-ii).

DCRSA's policy and procedure manual does not include separate guidance related to definition or processing of referrals and applications for transition-age youths and adults. Currently, DCRSA is not in compliance with its own policies and procedures as it is not processing referrals or applications when sufficient information is received. As soon as a Transition Referral and Release Form are received by DCRSA, an individual should be reported in the VR Module of the

case management system as being in applicant status. From this date, the 60-day time period for determining eligibility begins as an individual has otherwise requested services, provided information necessary for DCRSA to initiate the assessment and is available to complete the assessment process.

Although only eligible individuals can receive transition and other VR services specified in Section 103(a) of the Rehabilitation Act and 34 CFR 361.48, DCRSA management and staff acknowledged that the agency provides education, counseling and guidance, including information and support services to assist students in making informed choices, prior to the determination of their eligibility.

C. Development of the IPE

DCRSA is not in compliance with Sections 102(b)(3) or 103(a) of the Rehabilitation Act and its implementing regulations at 34 CFR 361.46(a) and 361.48 because it provides VR services to transition-age youth prior to developing an IPE outlining the services necessary to assist an individual with a disability in preparing for, securing, retaining, or regaining an employment outcome.

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

The Transition Referral and Release Forms, the only forms DCRSA requires to provide individualized services such as counseling and guidance to transition students, does not contain sufficient information to comprise an IPE in accordance with these requirements. In addition, DCRSA management and senior staff reported during on-site discussions that IPEs are not developed until transition students are enrolled in the VR program, typically prior to exit from the school setting or during the spring of a student's last year in high school.

Despite the absence of an approved IPE, DCRSA is providing transition and other VR services specified in Section 103(a) of the Rehabilitation Act and 34 CFR 361.48 to students with disabilities. Furthermore, services are provided to transition students prior to the receipt of an application and determination of eligibility. According to DCRSA staff, the services provided include counseling and guidance, career exploration of interests, and the provision of information, resources and applications for summer employment opportunities. Vocational counseling and guidance can and should be provided after an individual has applied for VR services, prior to and after eligibility determination and as described in an individualized plan for employment. The provision of this individualized service during the discussion and exploration of career interests assists with the identification of an employment goal, as well as the

information and support services necessary to assist an individual in exercising informed choice. However, the identification of summer work opportunities and other job search and placement activities must only be provided following the development of the IPE.

In summary, because DCRSA does not engage transition-age youth in the federally-mandated stages of the VR process, including the receipt of an application, the determination of eligibility and the development of an IPE, it provides VR services to individuals who are not applicants, and who have not been determined eligible, for such services. Consequently, the agency is not in compliance with Section 111(a)(1) of the Rehabilitation Act and regulations at 34 CFR 361.3.

Corrective Action 2: DCRSA must:

2.1 submit a written assurance to RSA within 10 days following the issuance of the final monitoring report that DCRSA will:

- a) require the submission of an application at the time the Transition Referral and Release forms are signed by the transition student and parent, in order to comply with 34 CFR 361.41(b)(2);
- b) determine eligibility within 60 days once a transition student has submitted an application for VR services, in order to comply with Section 102(a)(6) of the Rehabilitation Act and 34 CFR 361.41(b)(1); and
- c) develop an IPE for a transition student upon the determination of eligibility and only provide VR services to program applicants or individuals determined eligible to receive such services under an approved IPE, in order to comply with Sections 102(b)(3) and 103(a) of the Rehabilitation Act and 34 CFR 361.46(a) and 34 CFR 361.48;

2.2 provide training to DCRSA staff on agency policies and procedures related to application, eligibility determination, and IPE development for transition-age youth.

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

Legal Requirements

- Rehabilitation Act—Section 111(a)(2)(b)
- VR Program Regulations—34 CFR 361.62
- Information Memorandum RSA IM-01-07 Definition and Documentation of "Expenditures From Non-Federal Sources Under the State Plan"

Finding:

DCRSA has under-reported its expenditures from non-federal sources under the state plan. Discussions and interviews with staff from the Chief Financial Officer's Office revealed that staff in that office support the VR program by providing finance and accounting services, audit response and resolution, preparation of financial reports, and contract oversight. In addition to these staff from the DSA, staff from the State Office of Disability Administration (SODA), established in FY 2012 and also located within the DSA, provide services for the benefit of the VR program. SODA staff provide assistance with State Plan development and conduct outreach

activities to increase community awareness and partner with other District agencies on an ad hoc basis. These staff are paid from a fund which staff identify as “non-match, non-maintenance of effort, local funds.” This fund was established by the District government in FY 2007 when the VR agency reorganized. The fund’s original purpose was to provide a means of supporting financial and other staff through the organization period. In the years following the reorganization, the District has continued to appropriate monies to this fund and staff supporting the VR program have continued to utilize these monies. Expenditures for staff services are not reported on the Federal Financial Report (SF-425). Therefore, the total amount of the state's expenditures/outlays for the VR program are not captured. The result is an understatement of the state's non-federal share of expenditures by the amount of personnel and related expenditures associated with the OCFO and SODA staff contributions to the VR program.

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

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

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

Because DCRSA has not reported these non-federal expenditures that benefit the VR program, the amount of the state’s maintenance of effort cannot be accurately determined.

Corrective Action 3: DCRSA must:

- 3.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that DCRSA will immediately begin reporting the total amount of non-federal expenditures which benefit the VR program on its semi-annual SF-425, Federal Financial Report; and
- 3.2 develop procedures whereby all non-federal expenditures which benefit the VR program are accurately documented, recorded, and reported consistent with Maintenance of Effort Requirements in 34 CFR 361.62.

4. Unallocable Costs: Written Policies Governing Rates of Payment for Purchased VR Services

Legal Requirements:

- VR Program Regulations—34 CFR 361.3; 34 CFR 361.12; and 34 CFR 361.50(c)
- Federal Cost Principles—2 CFR 225, Appendix A, paragraph C.1

Finding:

Federal regulations require that DCRSA establish procedures that enable it to administer the VR program in an efficient manner that ensures it can carry out all functions properly. Program regulations also require that DCRSA establish and maintain written policies that govern the rates of payment for all purchased VR services.

During the on-site visit, DCRSA provided copies of five Human Care Agreements (contracts) for Supported Employment services. Each Human Care Agreement had a different price for a 15-minute increment of Job Coaching. Contracted rates ranged from a low of \$12.50 per 15-minute increment to \$17.58 per 15-minute increment. DSA staff provided a copy of the Standard operating Procedures for the Office of Contracting and Procurement. Part 2.7 of that manual discusses Human Care Agreements and states the following regarding rate setting:

If a rate has been established, provide the rate structure, unit cost, and hourly rate for the services to be procured through the mechanism of a Human Care Agreement. If the rate has not been established, the contracting officer will use government estimate and negotiate a rate.

The statement above is general in nature and does not provide sufficient detail for DCRSA to determine whether rates for services are commensurate with the benefit received. Federal cost principles state that to be allocable to a program, the cost must be relative to the benefit received. In addition, federal cost principles require that allowable costs be necessary and reasonable for proper and efficient program performance and administration. The lack of written policies resulted in DCRSA paying different amounts for the same services in the same geographic area. Paying different amounts for the same services in the same area is neither reasonable, nor necessary, nor does it provide for efficient program performance. DCRSA, therefore, has not complied with the requirements set forth at 34 CFR 361.12 and the cost principles set forth in 2 CFR 225, Appendix A, paragraph C.1.

Corrective Action 4: DCRSA must:

- 4.1 establish and maintain written policies governing the rates of payment for all purchased VR services as required by 34 CFR 361.12, 34 CFR 361.50(c)(1) and 2 CFR 225, Appendix A, paragraph C; and
- 4.2 submit copies of policies and procedures developed pursuant to this corrective action to RSA to ensure completion of that action.

5. Delays in the VR Process

During the course of this review, RSA found that DCRSA is not in compliance with pertinent statutory and regulatory provisions governing the provision of VR services to youth with disabilities due to delays in eligibility determination and IPE development. Specifically, DCRSA does not:

- determine eligibility within 60 days from the date an application is submitted to the agency; and
- develop IPEs within its 90-day established standard.

Although these findings resulted from the implementation of the focus area on the provision of transition services, it was apparent from discussions with DCRSA staff that these issues are also applicable to the delivery of VR services to all individuals served by DCRSA.

Untimely Eligibility Determinations

Legal Requirements:

- Rehabilitation Act—Section 102(a)(6)(A)
- VR Program Regulations—34 CFR 361.41(b)(1)

Finding:

DCRSA is not in compliance with Section 102(a)(6) and VR program regulations at 34 CFR 361.41(b)(1) because it does not determine the eligibility of transition-age youth for VR services within 60 days. Pursuant to these statutory and regulatory provisions, DCRSA must determine whether an individual is eligible for VR services within 60 days from the date on which the application is submitted to the agency, unless exceptional and unforeseen circumstances beyond the control of DCRSA prevent the completion of this process, and DCRSA and the individual agree to a specific extension of time or identify the need for a trial work experience or an extended evaluation.

As part of the monitoring process, RSA analyzed data covering FY 2007 through FY 2011, provided through the RSA-911, indicating the length of time it took DCRSA to make eligibility determinations for transition-age youth whose cases were closed after they had applied for services. Data submitted by DCRSA demonstrate that:

- the percentage of youth served whose eligibility was determined within 60 days, prior to case closure, decreased from 79.65 percent in FY 2007, to 61.06 percent in FY 2009;
- in FY 2009, 61 percent of youth served had their eligibility determined within 60 days. During the same year, 21.24 percent were determined eligible within 61 and 90 days from application;
- in FY 2010, 69.49 percent of youth served were determined eligible within the required 60-day period. During the same year, 12.99 percent were determined eligible between 61 and 90 days from application; and
- in FY 2011, 56.47 percent of youth served were determined eligible within the required 60-day period. During the same year, 22.38 percent were determined eligible between 61 and 90 days from application.

As the data demonstrate, DCRSA did not determine the eligibility of transition-age youth within the required 60-day period from the date an application was submitted for VR services since FY 2007.

In addition, while on-site, RSA conducted interviews with VR specialists and supervisors who confirmed that eligibility determination extensions are permissible. DCRSA's Policy and Procedure Manual permits eligibility determination extensions agreed to by the counselor and individual in exceptional and unforeseen circumstances. However, DCRSA does not require that individuals sign an eligibility determination extension form. Rather, individuals are mailed a letter stating that the date of eligibility determination has been extended. Thus, the case file does not contain the required documentation to substantiate that an individual in fact agrees to an extension of the eligibility determination.

For these reasons, DCRSA is not in compliance with Section 102(a)(6) of the Rehabilitation Act and 34 CFR 361.41(b)(1).

Corrective Action 5.A: DCRSA must:

- 5.A.1 revise policies to include procedures to document an individual's agreement with the extension of the period for determining eligibility in exceptional and unforeseen circumstances pursuant to Section 102(a)(6)(A) and its implementing regulation 34 CFR 361.41(b)(1)(i); and
- 5.A.2 take the steps necessary to ensure that the determination of eligibility for each individual is made within the 60-day required timeframe in accordance with the requirements of Section 102(a)(6) and 34 CFR 361.41(b)(1).

B. Untimely IPE Development

Legal Requirements:

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

Finding:

DCRSA 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 for transition-age youth with disabilities. As required by Section 101(a)(9)(A) of the Rehabilitation Act and its implementing regulations at 34 CFR 361.45(a), DCRSA assures in its annual State Plan that an IPE meeting all federal requirements will be developed in a timely manner for each individual following the determination of eligibility. VR program regulations at 34 CFR 361.45(e) require that the DSU must establish and implement standards for the prompt development of IPEs, including timelines that take into consideration the needs of each individual. According to the *DCRSA Policy and Procedure Manual, Section IV, Individualized Plan for Employment (IPE), page IV-1:*

The IPE will be developed concurrently or within 90 days after a Certificate of Eligibility for VR Services or a Certificate of Eligibility for a Trial Work Experience or extended evaluation Services has been completed.

As part of its monitoring process, RSA reviewed the data provided by DCRSA regarding the length of time taken for IPE development. DCRSA’s performance in meeting its 90-day time standard to develop IPEs for youth with disabilities, as illustrated in Table 6.1 below, ranged from 56.98 percent in FY 2007, to 69.20 percent in FY 2011.

Table 6.1
DCRSA Service Record Breakdown for Transition-Age Youth Served by Time:
Eligibility to IPE for Federal FY 2007 through Federal FY 2011

IPE Days	2007		2008		2009		2010		2011	
0-90 days	98	56.98%	121	64.36%	75	66.37%	120	67.80%	337	69.20%
More than 91 days	74	43.02%	67	36.64%	38	33.63%	57	32.2%	150	30.8%
Total	172	100.0%	188	100.0%	113	100.0%	177	100.0%	487	100%

As the FY 2007 through FY 2011 data demonstrate, DCRSA did not comply with Section 101(a)(9) of the Rehabilitation Act and the requirement of 34 CFR 361.45(a)(1) by not developing all IPEs for youth with disabilities in a timely manner and within the 90-day period that DCRSA established as its standard pursuant to 34 CFR 361.45(e). During the on-site visit, DCRSA management informed RSA that it had identified the untimely development of IPEs for youth with disabilities as a performance issue and implemented strategies to address this issue during FY 2011.

Corrective Action 5.B: DCRSA must:

5.B.1 cease the untimely development of IPEs and submit the actions that DCRSA 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 regulation at 34 CFR 361.45(e)), as required by 34 CFR 361.45(a)(1).

6. Supported Employment Outcomes – Individuals Working Towards Minimum Wage

Legal Requirements:

- Rehabilitation Act—Section 7(35)
- VR Program Regulations—34 CFR 361.5(b)(11)(i) and (ii); 34 CFR 361.5(b)(16); and 34 CFR 361.5(b)(53)(i)

Finding:

DCRSA is not in compliance with Section 7(35) of the Rehabilitation Act and program regulations at 34 CFR 361.5(b)(53)(i) because it did not adhere to the implementing regulations that define supported employment (SE). Specifically, DCRSA closed the cases of transition-age youth as having achieved supported employment, earning less than competitive wages, without documentation that these individuals were working toward competitive employment.

As part of the monitoring process, RSA reviewed the RSA-911 data submitted by DCRSA in FY 2011. In FY 2011, DCRSA reported that 46 transition-age youth served, whose cases were closed, achieved supported employment outcomes. Of those, 32 youth achieved competitive supported employment, while 14 youth or 30.43 percent achieved supported employment with sub-minimum or non-competitive wages. During the review of data, similar trends were noted for the general adult population served.

While on-site, RSA interviewed DCRSA management regarding the supported employment data. DCRSA management communicated that its Policy and Procedure Manual defines supported employment as competitive employment in an integrated setting or employment in an integrated setting in which individuals are working towards competitive employment. The DCRSA *Policy and Procedure Manual, Section VI, Services, pages VI-35 – VI-36*, defines the provision of supported employment services to:

any individual who is certified as having a most significant disability and for whom competitive employment has not traditionally occurred or has been interrupted or intermittent as a result of that disability; has been determined eligible under Title I; and has been determined by an assessment of rehabilitation needs to have:

- (1) the ability or potential to engage in a training program leading to Supported Employment;
- (2) a need for on-going support services in order to perform competitive work; and
- (3) the ability to work in a supported employment setting in competitive employment in an integrated setting, or employment in integrated settings in which individuals are working toward competitive employment.

Although the DCRSA Policy and Procedure Manual defines supported employment services, it does not clearly define supported employment pursuant to 34 CFR 361.5(b)(53), nor does it include procedures that require that an individual who achieves supported employment earn at least competitive wages in an integrated setting or employment in integrated work settings in which an individual is working toward competitive employment, prior to case closure. DCRSA management staff confirmed that it has not implemented a plan to document that an individual is working toward competitive employment and that it was not clear as to how any individual who achieved supported employment would not be earning competitive wages.

An employment outcome, for purposes of the VR program, means that the individual has obtained full- or part-time competitive employment in an integrated labor market, supported employment, or any other type of employment in an integrated setting (34 CFR 361.5(b)(11)). Competitive employment, for purposes of the VR program, means full- or part-time employment in an integrated setting for which the individual is compensated at or above the minimum wage, and not less than the customary wages and benefits paid to non-disabled individuals performing the same or similar work (34 CFR 361.5(b)(11)). Supported employment for purposes of the VR program, means competitive employment in an integrated setting, or employment in an

integrated setting in which an individual is working toward competitive employment, with ongoing supports for individuals with the most significant disabilities (34 CFR 361.5(b)(53)).

In this case, the data and information that RSA reviewed on-site demonstrate that each of the youth at issue, have achieved an employment outcome, as defined by 34 CFR 361.5(b)(16), in an integrated setting. However, in FY 2011, 14 of the youth who achieved supported employment, did not receive competitive wages. In addition, DCRSA did not provide RSA with documentation that any of the individuals placed in supported employment were working toward or making progress toward earning at least the minimum wage as is required. As is stated in the guidance to the current VR program regulations:

Thus, as long as an individual receiving ongoing support services while working in an integrated setting is also progressing or moving toward the minimum wage level, then the individual's job is considered "supported employment." We note, however, that an individual in supported employment working toward competitive employment (e.g., earning at least minimum wage) would not be considered to have achieved an "competitive employment" outcome until the individual is earning at least the minimum wage consistent with the definition of "competitive employment" in [34 CFR] 361.5(b)(11). (66 Fed. Reg. 4379, 4421 (Jan.17, 2001)).

Therefore, DCRSA is not in compliance with Section 7(35) of the Rehabilitation Act and its implementing regulations at 34 CFR 361.5(b)(53) because it does not maintain documentation to demonstrate that individuals are working toward or making progress toward earning minimum wage prior to reporting that the individuals have achieved supported employment.

Corrective Action 6: DCRSA must:

- 6.1 revise its policies and provide guidance to staff to make it clear that individuals can only be considered to have achieved supported employment outcomes if they are earning competitive wages in an integrated setting, unless the individual has achieved supported employment and is working toward competitive employment (i.e., earning at least minimum wage) pursuant to Section 7(35) of the Rehabilitation Act; 34 CFR 361.5(b)(53)); and
- 6.2 develop policies and procedures to ensure, through written plans or other documentation that individuals, who achieve supported employment and are not earning at least the minimum wage, are working toward competitive wages.

7. Significance of Disability

Legal Requirements:

- Rehabilitation Act—Sections 7(21)(A) and Section 101(a)(5)(C)
- VR Program Regulations—34 CFR 361.5(b)(30) and (31); and 34 CFR 361.36(a)(3)(iv)(A)

Finding:

DCRSA is not in compliance with Section 7(21)(A) of the Rehabilitation Act and regulations at 34 CFR 361.5(b)(31) because DCRSA's written policies define an "individual with a significant disability" in a manner inconsistent with federal requirements.

Individual with a Significant Disability

An "individual with a significant disability," as defined in Section 7(21)(A) of the Rehabilitation Act and at 34 CFR 361.5(b)(31), is an individual:

- who has a severe physical or mental impairment which seriously limits one or more functional capacities (such as mobility, communication, self-care, self-direction, interpersonal skills, work tolerance, or work skills) in terms of an employment outcome;
- whose vocational rehabilitation can be expected to require multiple vocational rehabilitation services over an extended period of time; and
- who has one or more physical or mental disabilities listed in Section 7(21)(A)(iii) of the Rehabilitation Act or another disability or combination of disabilities determined on the basis of an assessment for determining eligibility and vocational rehabilitation needs to cause comparable substantial functional limitation.

The DCRSA *Policy and Procedure Manual, Section III, Eligibility and Ineligibility Determination, Priority Category II – Significantly Disabled, page III-6*, defines an "individual with a significant disability as:

An individual with a significant disability is defined as one who has a significant physical or mental impairment:

- that seriously limits multiple (two or more) functional capacities (mobility, communication, self-care, self-direction, interpersonal skills, work tolerance, or work skills) in terms of an employment outcome and requires at least two non-significant services. 34 C.F.R. 361.5(b)(31);
- whose vocational rehabilitation can be expected to require multiple VR services over an extended period of time; and
- who has one or more physical or mental disabilities...

A VR agency must adhere to the definition of an individual with a significant disability defined in the Rehabilitation Act and implementing regulations, which require that an individual be limited in only one functional capacity and be in need of multiple services over an extended period of time. Because DCRSA requires an individual with a significant disability to have two or more limited functional capacities, and need at least two non-significant services, its definition is not in compliance with Section 7(21)(A) of the Rehabilitation Act and 34 CFR 361.5(b)(31).

Moreover, since DCRSA's definition of "an individual with a most significant disability" is only differentiated from the agency's definition of "an individual with a significant disability" by the

need for at least two significant or non-significant services, respectively, the agency has not established an order of selection that allows individuals with the most significant disabilities to receive priority in the provision of VR services, as required by Section 101(a)(5)(C) of the Rehabilitation Act and 34 CFR 361.36(a)(3)(iv)(A). The agency must amend its definition of an “individual with a significant disability” to comply with all components of the federal definition, requiring the individual to be limited in only one or more functional capacities, in need of multiple services over an extended period of time and thereby distinguishing it from its definition of an “individual with a most significant disability.”

Corrective Action 7: DCRSA must revise its policies to include procedures to comply with Sections 7(21)(A) and 101(a)(5)C of the Rehabilitation Act and 34 CFR 361.5(b)(30) and 361.5(b)(31) by ensuring that individuals are properly identified as “individuals with most significant disabilities” and “individuals with significant disabilities” per the Rehabilitation Act and its implementing regulations.

8. Agreement with the State Educational Agency (SEA)

Legal Requirements:

- Rehabilitation Act—Section 101(a)(11)(D)(i)–(iv)
- VR Program Regulations—34 CFR 361.22(b)(1)–(4)

Finding:

The District of Columbia Department on Disability Services (DDS) and DCRSA entered into an agreement with the Office of the State Superintendent of Education (OSSE), Division of Special Education on January 6, 2012 that is not in compliance with the minimum requirements of a formal interagency agreement with the SEA pursuant to Section 101(a)(11)(D) of the Rehabilitation Act and regulations at 34 CFR 361.22(b). At a minimum, the SEA agreement 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 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.

For the purpose of this finding and analysis of the formal interagency agreement, RSA will reference DCRSA and OSSE as the entities named in the SEA agreement, which expired on September 30, 2012. Specifically, the expired SEA 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).

During the on-site review, DCRSA management and an OSSE representative began discussing revisions to the current SEA agreement in an effort to strengthen and ensure the coordinated outreach to and transition of students with disabilities from the receipt of educational services in schools to vocational rehabilitation and adult services in the community.

Corrective Action 8: DCRSA must develop and submit to RSA for review a SEA agreement that meets all the minimum requirements including outreach procedures as defined by Section 101(a)(11)(D) of the Rehabilitation Act and its implementing regulations at 34 CFR 361.22(b)(4).

APPENDIX A: AGENCY RESPONSE

Section 4: Results of Prior Monitoring Activities

DCRSA requests the additional technical assistance described below to enable it to implement the following outstanding recommendations and compliance findings identified in the FY 2008 monitoring report.

Outstanding Recommendations

Recommendation 1: Overall Performance: Employment Outcomes and the Number of Individuals Served.

Additional Technical Assistance Requested: DCRSA does not request technical assistance.

Recommendation 2: The Quality of DCRSA's Employment Outcomes

Additional Technical Assistance Requested: DCRSA does not request technical assistance.

Recommendation 3: Services to Transition-Age Youths

Additional Technical Assistance Requested: RSA provided technical assistance while on site. DCRSA has already begun working with the TACE; and will be requesting additional TA.

Recommendation 4: Services to Individuals under the Title VI SE Program

Additional Technical Assistance Requested: DCRSA does not request technical assistance.

Recommendation 5: VR Service Policies and Procedures

Additional Technical Assistance Requested: DCRSA does not request technical assistance.

Recommendation 6: Staffing of the Agency

Additional Technical Assistance Requested: DCRSA does not request technical assistance.

Recommendation 7: Case Management System and Data Reporting

Additional Technical Assistance Requested: DCRSA does not request technical assistance.

Recommendation 8: Financial Planning

Additional Technical Assistance Requested: DCRSA does not request technical assistance.

Recommendation 9: Utilization of Program Income (Social Security Cost Reimbursement)

Additional Technical Assistance Requested: DCRSA does not request technical assistance.

Recommendation 10: Procurement/Contract Management

Additional Technical Assistance Requested: DCRSA does not request technical assistance.

Recommendation 11: Administrative Costs

Additional Technical Assistance Requested: DCRSA does not request technical assistance.

Corrective Actions

1. SRC of the District of Columbia

Additional Technical Assistance Requested: DCRSA does not request technical assistance.

2. Periodic Certification

Additional Technical Assistance Requested: See Compliance Finding 1.A below.

3. Assigning Personnel Costs

Additional Technical Assistance Requested: See Compliance Finding 1.C below.

Section 6: Compliance Findings and Corrective Actions

1. Personnel Costs

A. Periodic Certifications

Corrective Action 1.A: DCRSA must:

- 1.A.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that periodic certifications are accurate in that only employees who work solely on a single cost objective prepare those certifications; and that periodic certifications are prepared in accordance with 34 CFR 361.12, 34 CFR 80.20(a), and 2 CFR 225, Appendix B, paragraphs 8.h.3; and
- 1.A.2 develop and implement procedures requiring DCRSA employees who work solely on a single cost objective or single federal award to prepare accurate certifications, at least semi-annually, that are signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee.

Agency Response: DCRSA concurs with this finding. In November 2011, DCRSA management requested and received from RSA’s state fiscal representative technical assistance related to the assigning of personnel costs. During the meeting it was proposed that the PeopleSoft Human Capital Management System, the software used to capture each employee’s time and attendance, could possibly also assign personnel costs to various grants. On November 9, 2011, RSA’s fiscal representative advised management “not to submit additional employee

certificates until the agency could assure RSA that the time reports and certificates [were] a true reflection of personnel cost allocation.” After receiving assistance from the DC Office of Chief Technology Officer, management determined that the PeopleSoft system could accurately capture personnel costs and time. Subsequently, personnel certificates submitted for the 3rd and 4th quarters of FY 2012 did not include the names of 4 employees who allocated their time to more than one federal grant. Management has also determined that the PeopleSoft system will allow employees to enter their time in 15 minute increments. The agency will submit accurate reports going forward.

Technical Assistance: DCRSA may request TA.

B. Documentation of Personnel Costs

Corrective Action 1.B: DCRSA must:

- 1.B.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that personnel activity reports, or equivalent documentation, are accurately prepared and maintained to support the allocation of an equitable portion of personnel costs for individuals who work on more than one federal grant program or cost objective in accordance with 34 CFR 361.12, 34 CFR 80.20(a), and 2 CFR 225, Appendix B, paragraphs 8.h.4 and 8.h.5; and
- 1.B.2 update and implement procedures for individuals who work on more than one federal award or cost objective so that personnel activity reports or equivalent documentation accurately reflects an after-the-fact distribution of the actual activity of each employee; accounts for the total activity for which each employee is compensated; are prepared at least monthly and coincide with one or more pay periods; and, are signed by the employee.

Agency Response: DCRSA concurs with this finding. The agency will submit a written assurance to RSA within 10 days of receipt of the final monitoring report that personnel activity reports, or equivalent documentation, are accurately prepared and maintained to support the allocation of an equitable portion of personnel costs for individuals who work on more than one federal grant program or cost objective.

The agency had established a procedure in response to the 2008 Monitoring Report, whereby individuals who worked on more than one grant could enter this information into the agency's timekeeping system, PeopleSoft. Since the most recent monitoring visit, DCRSA assigns each staff member to the grant on which that individual devotes the majority of his or her time. The agency has notified all staff that work on more than one grant of each individual's responsibility to enter any time spent on grants, other than the one to which that individual is assigned, and spends the majority of their time, into PeopleSoft, when he or she completes their time for each pay period. In addition, supervisory staff are expected to confirm this each pay period. As an additional measure, time is reviewed by the agency's fiscal office to ensure that time is allocated to appropriate grants. In addition, to the reminder sent to each staff, DCRSA clarified for staff that time can be entered in quarter hour increments, so that staff that spends less than one hour on a particular grant may enter the correct amount of time.

Technical Assistance: DCRSA may request TA.

C. Unallowable VR Expenditures and Unallowable Sources of Match

Corrective Action 1.C: DCRSA must:

- 1.C.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that, beginning immediately, DCRSA will only expend federal VR dollars for allocable costs and that supporting documentation will be maintained for personnel expenditures; and
- 1.C.2 cease using VR funds to pay unallowable costs or costs that lack the supporting documentation necessary to ensure that such costs are allowable, specifically those personnel costs related to non-VR programs administered by DCRSA, and cease using related non-federal expenditures to meet the agency's non-federal share, in accordance with Section 111(a)(1) of the Rehabilitation Act; 34 CFR 361.3, 34 CFR 361.12 and 34 CFR 361.60(b)(1); 34 CFR 80.20(a) and 34 CFR 80.24(a)(1); Federal Cost Principles at 2 CFR 225, Appendix A, paragraphs C.1.b, C.3.a and C.3.c.

Agency Response: DCRSA does not concur with this finding. DCRSA does not use any unallowable sources of non-federal expenditures to meet its match or maintenance of effort. During the District of Columbia budget formulation process, DCRSA received state appropriations to support the program. As a result of this appropriation, DCRSA consistently is overmatched and at the end of FY 2011 received supplemental funding from RSA.

RSA Response: DCRSA provided no additional documentation to refute this finding; therefore, the finding remains as written.

Technical Assistance: DCRSA does not request technical assistance.

2. Unallowable Service Provision through the DCRSA Transition Program

Corrective Action 2: DCRSA must:

- 2.1 submit a written assurance to RSA within 10 days following the issuance of the final monitoring report that NVR will:
 - a) require the submission of an application at the time the Transition Referral and Release forms are signed by the transition student and parent, in order to comply with 34 CFR 361.41(b)(2);
 - b) determine eligibility within 60 days once a transition student has submitted an application for VR services, in order to comply with Section 102(a)(6) of the Rehabilitation Act and 34 CFR 361.41(b)(1); and
 - c) develop an IPE for a transition student upon the determination of eligibility and only provide VR services to program applicants or individuals determined eligible to receive such services under an approved IPE, in order to comply with Sections 102(b)(3) and 103(a) of the Rehabilitation Act and 34 CFR 361.46(a) and 34 CFR 361.48;
- 2.2 provide training to DCRSA staff on agency policies and procedures related to application, eligibility determination, and IPE development for transition-age youth.

Agency Response: DCRSA concurs with these findings and will issue the required written assurances to ensure agency compliance with federal regulations. The agency has already begun

taking necessary steps to comply with the regulations related to this finding. The agency is working with TACE and local and state education officials to establish clear practices regarding referral and provision of VR services to transition youth. Once these processes are clearly established, the agency will provide training for all staff. The agency is also working with a private, non-profit provider (School Talk) to produce training materials, as well as written and on-line materials describing the transition process and identifying available services, from RSA, as well as other community agencies and schools. In response to the concerns about timely acceptance of referrals and processing of applications, DCRSA ceased using the "transition module" in its electronic case management system at the beginning of February 2013.

Technical Assistance: DCRSA will request TA.

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

Corrective Action 3: DCRSA must:

- 3.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that DCRSA will immediately begin reporting the total amount of non-federal expenditures which benefit the VR program on its semi-annual SF-425, Federal Financial Report; and
- 3.2 develop procedures whereby all non-federal expenditures which benefit the VR program are accurately documented, recorded, and reported consistent with Maintenance of Effort Requirements in 34 CFR 361.62.

Agency Response: DCRSA does not concur with this finding. The Department of Disability Services financial structure is designed to ensure that those employees that perform various administrative functions for DCRSA and other programs within the agency are not included in the Match or the Maintenance of Effort for DCRSA. Those expenditures are charged to indirect cost funding or other state appropriated funding. Nothing in IM-01-07 requires these costs to be charged to Maintenance of Effort. To adhere to the finding would require those individuals (i.e. the Director of the DDS) to maintain detailed timesheets to identify each DCRSA task and the amount of time spend on the task. Administrative expenditures for DCRSA are recorded against the VR grant as a component of the indirect cost.

RSA Response: Expenditures for DDS staff who perform functions related to DCRSA's administration of the VR program, whether those expenditures are included as indirect costs or charged to Other State Appropriated Funding, must be reported on DCRSA's financial reports as maintenance of effort. The regulations at 34 CFR 361.62 refer to "total expenditures from non-federal sources" and do not make a distinction between direct and indirect expenditures from non-federal sources. Because the agency provided no additional documentation to refute this finding, it stands as written. However, RSA is willing to provide technical assistance to enable DCRSA to develop a method of determining the amount of non-federal expenditures that would not be overly burdensome and ensure the proper reporting of such expenditures.

Technical Assistance: DCRSA did not request technical assistance when responding to the draft report.

4. Written Policies Governing Rates of Payment for Purchased VR Services

Corrective Action 4: DCRSA must:

- 4.1 establish and maintain written policies governing the rates of payment for all purchased VR services as required by 34 CFR 361.50(c)(1) and that these policies will comply with 34 CFR 361.12 and 2 CFR 225, Appendix A, paragraph C; and
- 4.2 submit copies of policies and procedures developed pursuant to this corrective action to RSA to ensure completion of that action.

Agency Response: DCRSA does not concur with this finding. DCRSA follows District procurement regulations; the agency does not agree that paying different amounts for the same services to all providers located in the same geographic area is inherently unreasonable*. However, DC RSA does intend to conduct a comprehensive assessment of the range of negotiated prices as well as rates paid in adjacent jurisdictions (Maryland and Virginia) and develop policies to establish standards for setting rates of payment for all purchased VR services. This may require following rulemaking and publication procedures under District of Columbia regulatory policies. DCRSA will work with the State Rehabilitation Council in seeking comments while drafting these regulations.

*Actual allocable Overhead and General and Administrative costs vary widely, as well as direct labor costs for different employees. It might also be a good practice to incentivize performance by paying differential rates.

RSA Response: DCRSA provided no additional documentation to refute this finding; therefore, the finding remains as written.

Technical Assistance: DCRSA requests technical assistance.

5. Delays in the VR Process

A. Untimely Eligibility Determinations

Corrective Action 5.A: DCRSA must:

- 5.A.1 revise policies to include procedures to document individual agreement with eligibility determination extensions in exceptional and unforeseen circumstances pursuant to Section 102(a)(6)(A) and its implementing regulation 34 CFR 361.41(b)(1)(i); and
- 5.A.2 include in its corrective action plan the steps, including timelines, that DCRSA will take to ensure that the determination of eligibility for each individual is made within the 60-day required timeframe in accordance with the requirements of Section 102(a)(6) and 34 CFR 361.41(b)(1).

Agency Response: DCRSA concurs with this finding regarding the need for written procedures regarding granting extensions for eligibility determination and regarding timely determination of eligibility for FY 2011. DCRSA's current policy indicates a need for the counselor and the individual client to agree on a specific time extension. However, the agency concurs with the need to develop specific procedures in order to ensure consistent staff compliance with this

requirement. The agency took measures in FY 2012, to address the concerns regarding timely determination of eligibility and timely processing of IPEs. Performance improved in the area of eligibility determination from 53 percent determined timely in FY 2011, to 85 percent determined timely in FY 2012. The agency continues to maintain this performance. Thus far in FY 2013, the agency determines eligibility timely 88 percent of the time.

Technical Assistance: DCRSA may request technical assistance.

B. Untimely IPE Development

Corrective Action 5.B: DCRSA must:

5.B.1 cease the untimely development of IPEs and submit the actions that DCRSA 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 regulation at 34 CFR 361.45(e)), as required by 34 CFR 361.45(a)(1).

Agency Response: DCRSA concurs with this finding as it relates to the agency performance in FY 2011. However, as with eligibility determination, the agency's compliance with timely completion of IPEs improved significantly in FY 2012, from 73 percent completed timely in FY 2011 to 95 percent completed timely in FY 2012. The agency has also maintained this performance in FY 2013, completing IPEs within 90 days approximately 90 percent of the time.

Technical Assistance: DCRSA may request technical assistance.

6. Supported Employment Outcomes – Individuals Working Toward Minimum Wage

Corrective Action 6: DCRSA must:

- 6.1 revise its policies and provide guidance to staff to make it clear that individuals can only be considered to have achieved supported employment outcomes if they are earning competitive wages in an integrated setting, unless the individual has achieved supported employment and is working toward competitive employment (i.e., earning at least minimum wage) pursuant to Section 7(35) of the Rehabilitation Act; 34 CFR 361.5(b)(53)); and
- 6.2 develop policies and procedures to ensure, through written plans or other documentation, that individuals, who achieve supported employment and are not earning at least the minimum wage, are working toward competitive wages.

Agency Response: DCRSA concurs with this finding. In reviewing the data from FY 2011, however, it appears that a small number of these cases were a result of clerical error on the part of the counselor when closing the case, he or she indicated an incorrect hourly rate. The largest number of these cases are a result of the District having a minimum wage that is higher than the surrounding jurisdictions. It appears that the cases in which consumers were placed in sub-minimum wage jobs were those in which the individual was placed in a job in one of the surrounding jurisdictions. DCRSA will revise its policies and procedures to provide sufficient guidance to counselors, and their supervisors, regarding the need for a plan for achieving a

competitive wage in circumstances where an individual is placed in a job that is below the District minimum wage.

Technical Assistance: DCRSA may request technical assistance.

7. Significance of Disability

Corrective Action 7: DCRSA must revise its policies to include procedures to comply with Sections 7(21)(A) and 101(a)(5)C of the Rehabilitation Act and 34 CFR 361.5(b)(30) and 361.5(b)(31) by ensuring that individuals are properly identified as “individuals with most significant disabilities” and “individuals with significant disabilities” per the Rehabilitation Act and its implementing regulations.

Agency Response: DCRSA concurs with this finding. The agency has developed a draft revised policy which has been submitted for review to the policy committee of the State Rehabilitation Council.

Technical Assistance: DCRSA may request technical assistance.

8. Agreement with the State Educational Agency (SEA)

Corrective Action 8: DCRSA must develop and submit to RSA for review a SEA agreement that meets all the minimum requirements including outreach procedures as defined by Section 101(a)(11)(D) of the Rehabilitation Act and its implementing regulations at 34 CFR 361.22(b)(4).

Agency Response: DCRSA concurs with this finding. The agency received technical assistance from RSA prior to the monitoring visit, and the Office of the State Superintendent for Education (OSSE) and DCRSA received technical assistance during the monitoring visit. OSSE and DCRSA are finalizing a draft of the revised MOA, which will be submitted to RSA following legal sufficiency review by both OSSE and DCRSA.

Technical Assistance: DCRSA may 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 7 For the purposes of this Act:

(21) Individual with a significant disability

(A) In general

Except as provided in subparagraph (B) or (C), the term "individual with a significant disability" means an individual with a disability

(i) who has a severe physical or mental impairment which seriously limits one or more functional capacities (such as mobility, communication, self care, self direction, interpersonal skills, work tolerance, or work skills) in terms of an employment outcome;

(ii) whose vocational rehabilitation can be expected to require multiple vocational rehabilitation services over an extended period of time; and

(iii) who has one or more physical or mental disabilities resulting from amputation, arthritis, autism, blindness, burn injury, cancer, cerebral palsy, cystic fibrosis, deafness, head injury, heart disease, hemiplegia, hemophilia, respiratory or pulmonary dysfunction, mental retardation, mental illness, multiple sclerosis, muscular dystrophy, musculo skeletal disorders, neurological disorders (including stroke and epilepsy), paraplegia, quadriplegia, and other spinal cord conditions, sickle cell anemia, specific learning disability, end stage renal disease, or another disability or combination of disabilities determined on the basis of an assessment for determining eligibility and vocational rehabilitation needs described in subparagraphs (A) and (B) of paragraph (2) to cause comparable substantial functional limitation.

(35) Supported employment

(A) In general

The term "supported employment" means competitive work in integrated work settings, or employment in integrated work settings in which individuals are working toward competitive work, consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individuals, for individuals with the most significant disabilities

(i)(I) for whom competitive employment has not traditionally occurred; or

(II) for whom competitive employment has been interrupted or intermittent as a result of a significant disability; and

(ii) who, because of the nature and severity of their disability, need intensive supported employment services for the period, and any extension, described in paragraph (36)(C) and extended services after the transition described in paragraph (13)(C) in order to perform such work.

(B) Certain transitional employment

Such term includes transitional employment for persons who are individuals with the most significant disabilities due to mental illness.

(38) Vocational rehabilitation services

The term "vocational rehabilitation services" means those services identified in section 103 which are provided to individuals with disabilities under this Act.***

Section 101—State Plans

(a) Plan Requirements

(5) Order of selection for vocational rehabilitation services

In the event that vocational rehabilitation services cannot be provided to all eligible individuals with disabilities in the State who apply for the services, the State plan shall (C) include an assurance that, in accordance with criteria established by the State for the order of selection, individuals with the most significant disabilities will be selected first for the provision of vocational rehabilitation services

(9) Individualized plan for employment

(A) Development and implementation

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

(11) Cooperation, collaboration, and coordination

(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.

Section 102 Eligibility and Individualized Plan for Employment

(a) Eligibility

(6) Timeframe for making an eligibility determination

The designated State unit shall determine whether an individual is eligible for vocational rehabilitation services under this title within a reasonable period of time, not to exceed 60 days, after the individual has submitted an application for the services unless—

(A) exceptional and unforeseen circumstances beyond the control of the designated State unit preclude making an eligibility determination within 60 days and the designated State unit and the individual agree to a specific extension of time; or

(B) the designated State unit is exploring an individual's abilities, capabilities, and capacity to perform in work situations under paragraph (2)(B).

(b) Development of an Individualized Plan for Employment

(3) Mandatory components of an individualized plan for employment

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

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

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

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

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

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

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

(D) a description of criteria to evaluate progress toward achievement of the employment outcome;

(E) the terms and conditions of the individualized plan for employment, including, as appropriate, information describing

(i) the responsibilities of the designated State unit;

(ii) the responsibilities of the eligible individual, including

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

Section 103 Vocational Rehabilitation Services

(a) Vocational Rehabilitation Services for Individuals

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

- (1) an assessment for determining eligibility and vocational rehabilitation needs by qualified personnel, including, if appropriate, an assessment by personnel skilled in rehabilitation technology;
- (2) counseling and guidance, including information and support services to assist an individual in exercising informed choice consistent with the provisions of section 102(d);
- (3) referral and other services to secure needed services from other agencies through agreements developed under section 101(a)(11), if such services are not available under this title;
- (4) job related services, including job search and placement assistance, job retention services, follow-up services, and follow along services;
- (5) vocational and other training services, including the provision of personal and vocational adjustment services, books, tools, and other training materials, except that no training services provided at an institution of higher education shall be paid for with funds under this title unless maximum efforts have been made by the designated State unit and the individual to secure grant assistance, in whole or in part, from other sources to pay for such training;
- (6) to the extent that financial support is not readily available from a source (such as through health insurance of the individual or through comparable services and benefits consistent with section 101(a)(8)(A)), other than the designated State unit, diagnosis and treatment of physical and mental impairments, including

- (A) corrective surgery or therapeutic treatment necessary to correct or substantially modify a physical or mental condition that constitutes a substantial impediment to employment, but is of such a nature that such correction or modification may reasonably be expected to eliminate or reduce such impediment to employment within a reasonable length of time;
- (B) necessary hospitalization in connection with surgery or treatment;
- (C) prosthetic and orthotic devices;
- (D) eyeglasses and visual services as prescribed by qualified personnel who meet State licensure laws and who are selected by the individual;
- (E) special services (including transplantation and dialysis), artificial kidneys, and supplies necessary for the treatment of individuals with end stage renal disease; and
- (F) diagnosis and treatment for mental and emotional disorders by qualified personnel who meet State licensure laws;
- (7) maintenance for additional costs incurred while participating in an assessment for determining eligibility and vocational rehabilitation needs or while receiving services under an individualized plan for employment;
- (8) transportation, including adequate training in the use of public transportation vehicles and systems, that is provided in connection with the provision of any other service described in this section and needed by the individual to achieve an employment outcome;
- (9) on the job or other related personal assistance services provided while an individual is receiving other services described in this section;
- (10) interpreter services provided by qualified personnel for individuals who are deaf or hard of hearing, and reader services for individuals who are determined to be blind, after an examination by qualified personnel who meet State licensure laws;
- (11) rehabilitation teaching services, and orientation and mobility services, for individuals who are blind;
- (12) occupational licenses, tools, equipment, and initial stocks and supplies;
- (13) technical assistance and other consultation services to conduct market analyses, develop business plans, and otherwise provide resources, to the extent such resources are authorized to be provided through the statewide workforce investment system, to eligible individuals who are pursuing self employment or telecommuting or establishing a small business operation as an employment outcome;
- (14) rehabilitation technology, including telecommunications, sensory, and other technological aids and devices;
- (15) transition services for students with disabilities, that facilitate the achievement of the employment outcome identified in the individualized plan for employment;
- (16) supported employment services;
- (17) services to the family of an individual with a disability necessary to assist the individual to achieve an employment outcome; and
- (18) specific post employment services necessary to assist an individual with a disability to, retain, regain, or advance in employment.

Section 111

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

(a)(2)(b) The method of computing and paying amounts pursuant to subsection (a) shall be as follows:

(1) The Commissioner shall, prior to the beginning of each calendar quarter or other period prescribed by the Commissioner, estimate the amount to be paid to each State under the provisions of such subsection for such period, such estimate to be based on such records of the State and information furnished by it, and such other investigation as the Commissioner may find necessary.

(2) The Commissioner shall pay, from the allotment available therefor, the amount so estimated by the Commissioner for such period, reduced or increased, as the case may be, by any sum (not previously adjusted under this paragraph) by which the Commissioner finds that the estimate of the amount to be paid the State for any prior period under such subsection was greater or less than the amount which should have been paid to the State for such prior period under such subsection. Such payment shall be made prior to audit or settlement by the General Accounting Office, shall be made through the disbursing facilities of the Treasury Department, and shall be made in such installments as the Commissioner may determine.

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 361.5 Applicable definitions.

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

(11) Competitive employment means work—

- (i) In the competitive labor market that is performed on a full-time or part-time basis in an integrated setting; and
- (ii) For which an individual is compensated at or above the minimum wage, but not less than the customary wage and level of benefits paid by the employer for the same or similar work performed by individuals who are not disabled.

(16) Employment outcome means, with respect to an individual, entering or retaining full-time or, if appropriate, part-time competitive employment, as defined in § 361.5(b)(11), in the integrated labor market, supported employment, or any other type of employment in an integrated setting, including self-employment, telecommuting, or business ownership, that is consistent with an individual's strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.

(30) Individual with a most significant disability means an individual with a significant disability who meets the designated State unit's criteria for an individual with a most significant disability. These criteria must be consistent with the requirements in 361.36(d)(1) and (2).

(31) Individual with a significant disability means an individual with a disability—

(i) Who has a severe physical or mental impairment that seriously limits one or more functional capacities (such as mobility, communication, self-care, self-direction, interpersonal skills, work tolerance, or work skills) in terms of an employment outcome;

(ii) Whose vocational rehabilitation can be expected to require multiple vocational rehabilitation services over an extended period of time; and

(iii) Who has one or more physical or mental disabilities resulting from amputation, arthritis, autism, blindness, burn injury, cancer, cerebral palsy, cystic fibrosis, deafness, head injury, heart disease, hemiplegia, hemophilia, respiratory or pulmonary dysfunction, mental retardation, mental illness, multiple sclerosis, muscular dystrophy, musculo-skeletal disorders, neurological disorders (including stroke and epilepsy), spinal cord conditions (including paraplegia and quadriplegia), sickle cell anemia, specific learning disability, end-stage renal disease, or another disability or combination of disabilities determined on the basis of an assessment for determining eligibility and vocational rehabilitation needs to cause comparable substantial functional limitation.

(53) Supported employment means—

(i) Competitive employment in an integrated setting, or employment in integrated work settings in which individuals are working toward competitive employment, consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individuals with ongoing support services for individuals with the most significant disabilities—

(A) For whom competitive employment has not traditionally occurred or for whom competitive employment has been interrupted or intermittent as a result of a significant disability; and

(B) Who, because of the nature and severity of their disabilities, need intensive supported employment services from the designated State unit and extended services after transition as described in paragraph (b)(20) of this section to perform this work; or

(58) Vocational rehabilitation services —

(i) If provided to an individual, means those services listed in § 361.48; and

(ii) If provided for the benefit of groups of individuals, also means those services listed in § 361.49.

34 CFR 361.12 Methods of administration.

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—Coordination with education officials.

(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 361.36 Ability to serve all eligible individuals; order of selection for services.

(a) General provisions.

(3) If the designated State unit is unable to provide the full range vocational rehabilitation services to all eligible individuals in the State who apply for the services, the State plan must—

(iv) Assure that—

(A) In accordance with criteria established by the State for the order of selection, individuals with the most significant disabilities will be selected first for the provision of vocational rehabilitation services.

34 CFR 361.41 Processing referrals and applications.

(b) Applications.

(1) Once an individual has submitted an application for vocational rehabilitation services, including applications made through common intake procedures in One-Stop centers established under section 121 of the Workforce Investment Act of 1998, an eligibility determination must be made within 60 days, unless—

(i) Exceptional and unforeseen circumstances beyond the control of the designated State unit preclude making an eligibility determination within 60 days and the designated State unit and the individual agree to a specific extension of time; or

(ii) An exploration of the individual's abilities, capabilities, and capacity to perform in work situations is carried out in accordance with §361.42(e) or, if appropriate, an extended evaluation is carried out in accordance with §361.42(f).

- (2) An individual is considered to have submitted an application when the individual or the individual's representative, as appropriate—
- (i)(A) Has completed and signed an agency application form;
 - (B) Has completed a common intake application form in a One-Stop center requesting vocational rehabilitation services; or
 - (C) Has otherwise requested services from the designated State unit;
 - (ii) Has provided to the designated State unit information necessary to initiate an assessment to determine eligibility and priority for services; and
 - (iii) Is available to complete the assessment process.

34 CFR 361.45 Development of the individualized plan for employment.

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

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

34 CFR 361.46 Content of the individualized plan for employment.

- (a) Mandatory components. Regardless of the approach in §361.45(c)(1) that an eligible individual selects for purposes of developing the IPE, each IPE must include—
- (1) A description of the specific employment outcome, as defined in §361.5(b)(16), that is chosen by the eligible individual and is consistent with the individual's unique strengths, resources, priorities, concerns, abilities, capabilities, career interests, and informed choice.
 - (2) A description of the specific rehabilitation services under §361.48 that are—
 - (i) Needed to achieve the employment outcome, including, as appropriate, the provision of assistive technology devices, assistive technology services, and personal assistance services, including training in the management of those services; and
 - (ii) Provided in the most integrated setting that is appropriate for the services involved and is consistent with the informed choice of the eligible individual;
 - (3) Timelines for the achievement of the employment outcome and for the initiation of services;
 - (4) A description of the entity or entities chosen by the eligible individual or, as appropriate, the individual's representative that will provide the vocational rehabilitation services and the methods used to procure those services;
 - (5) A description of the criteria that will be used to evaluate progress toward achievement of the employment outcome; and

- (6) The terms and conditions of the IPE, including, as appropriate, information describing—
 - (i) The responsibilities of the designated State unit;
 - (ii) The responsibilities of the eligible individual, including—
 - (A) The responsibilities the individual will assume in relation to achieving the employment outcome;
 - (B) If applicable, the extent of the individual's participation in paying for the cost of services; and
 - (C) The responsibility of the individual with regard to applying for and securing comparable services and benefits as described in §361.53; and
 - (iii) The responsibilities of other entities as the result of arrangements made pursuant to the comparable services or benefits requirements in §361.53.

34 CFR 36.48 Scope of vocational rehabilitation services for individuals with disabilities.

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

- (a) Assessment for determining eligibility and priority for services by qualified personnel, including, if appropriate, an assessment by personnel skilled in rehabilitation technology, in accordance with § 361.42.
- (b) Assessment for determining vocational rehabilitation needs by qualified personnel, including, if appropriate, an assessment by personnel skilled in rehabilitation technology, in accordance with § 361.45.
- (c) Vocational rehabilitation counseling and guidance, including information and support services to assist an individual in exercising informed choice in accordance with § 361.52.
- (d) Referral and other services necessary to assist applicants and eligible individuals to secure needed services from other agencies, including other components of the statewide workforce investment system, in accordance with §§ 361.23, 361.24, and 361.37, and to advise those individuals about client assistance programs established under 34 CFR part 370.
- (e) In accordance with the definition in § 361.5(b)(40), physical and mental restoration services, to the extent that financial support is not readily available from a source other than the designated State unit (such as through health insurance or a comparable service or benefit as defined in § 361.5(b)(10)).
- (f) Vocational and other training services, including personal and vocational adjustment training, books, tools, and other training materials, except that no training or training services in an institution of higher education (universities, colleges, community or junior colleges, vocational schools, technical institutes, or hospital schools of nursing) may be paid for with funds under this part unless maximum efforts have been made by the State unit and the individual to secure grant assistance in whole or in part from other sources to pay for that training.
- (g) Maintenance, in accordance with the definition of that term in § 361.5(b)(35).
- (h) Transportation in connection with the rendering of any vocational rehabilitation service and in accordance with the definition of that term in § 361.5(b)(57).

- (i) Vocational rehabilitation services to family members, as defined in § 361.5(b)(23), of an applicant or eligible individual if necessary to enable the applicant or eligible individual to achieve an employment outcome.
- (j) Interpreter services, including sign language and oral interpreter services, for individuals who are deaf or hard of hearing and tactile interpreting services for individuals who are deaf-blind provided by qualified personnel.
- (k) Reader services, rehabilitation teaching services, and orientation and mobility services for individuals who are blind.
- (l) Job-related services, including job search and placement assistance, job retention services, follow-up services, and follow-along services.
- (m) Supported employment services in accordance with the definition of that term in § 361.5(b)(54).
- (n) Personal assistance services in accordance with the definition of that term in § 361.5(b)(39).
- (o) Post-employment services in accordance with the definition of that term in § 361.5(b)(42).
- (p) Occupational licenses, tools, equipment, initial stocks, and supplies.
- (q) Rehabilitation technology in accordance with the definition of that term in § 361.5(b)(45), including vehicular modification, telecommunications, sensory, and other technological aids and devices.
- (r) Transition services in accordance with the definition of that term in § 361.5(b)(55).
- (s) Technical assistance and other consultation services to conduct market analyses, develop business plans, and otherwise provide resources, to the extent those resources are authorized to be provided through the statewide workforce investment system, to eligible individuals who are pursuing self-employment or telecommuting or establishing a small business operation as an employment outcome.
- (t) Other goods and services determined necessary for the individual with a disability to achieve an employment outcome.

34 CFR 361.50 Written policies governing the provision of services for individuals with disabilities.

- (a) Policies. The State unit must develop and maintain written policies covering the nature and scope of each of the vocational rehabilitation services specified in § 361.48 and the criteria under which each service is provided. The policies must ensure that the provision of services is based on the rehabilitation needs of each individual as identified in that individual's IPE and is consistent with the individual's informed choice. The written policies may not establish any arbitrary limits on the nature and scope of vocational rehabilitation services to be provided to the individual to achieve an employment outcome. The policies must be developed in accordance with the following provisions:
 - (b) Out-of-State services. (1) The State unit may establish a preference for in-State services, provided that the preference does not effectively deny an individual a necessary service. If the individual chooses an out-of-State service at a higher cost than an in-State service, if either service would meet the individual's rehabilitation needs, the designated State unit is not responsible for those costs in excess of the cost of the in-State service.
 - (2) The State unit may not establish policies that effectively prohibit the provision of out-of-State services.

(c) Payment for services. (1) The State unit must establish and maintain written policies to govern the rates of payment for all purchased vocational rehabilitation services.

34 CFR 361.60 Matching requirements

(a) Federal share —(1) General. Except as provided in paragraph (a)(2) of this section, the Federal share for expenditures made by the State under the State plan, including expenditures for the provision of vocational rehabilitation services and the administration of the State plan, is 78.7 percent.

34 CFR 361.62 Maintenance of effort requirements.

(a) General requirements. (1) The Secretary reduces the amount otherwise payable to a State for a fiscal year by the amount by which the total expenditures from non-Federal sources under the State plan for the previous fiscal year were less than the total of those expenditures for the fiscal year 2 years prior to the previous fiscal year.

Example: For fiscal year 2001, a State's maintenance of effort level is based on the amount of its expenditures from non-Federal sources for fiscal year 1999. Thus, if the State's non-Federal expenditures in 2001 are less than they were in 1999, the State has a maintenance of effort deficit, and the Secretary reduces the State's allotment in 2002 by the amount of that deficit.

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

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

(c) Separate State agency for vocational rehabilitation services for individuals who are blind. If there is a separate part of the State plan administered by a separate State agency to provide vocational rehabilitation services for individuals who are blind—

(1) Satisfaction of the maintenance of effort requirements under paragraphs (a) and (b) of this section are determined based on the total amount of a State's non-Federal expenditures under both parts of the State plan; and

(2) If a State fails to meet any maintenance of effort requirement, the Secretary reduces the amount otherwise payable to the State for that fiscal year under each part of the plan in direct relation to the amount by which expenditures from non-Federal sources under each part of the plan in the previous fiscal year were less than they were for that part of the plan for the fiscal year 2 years prior to the previous fiscal year.

(d) Waiver or modification. (1) The Secretary may waive or modify the maintenance of effort requirement in paragraph (a)(1) of this section if the Secretary determines that a waiver or

modification is necessary to permit the State to respond to exceptional or uncontrollable circumstances, such as a major natural disaster or a serious economic downturn, that—

- (i) Cause significant unanticipated expenditures or reductions in revenue that result in a general reduction of programs within the State; or
- (ii) Require the State to make substantial expenditures in the vocational rehabilitation program for long-term purposes due to the one-time costs associated with the construction of a facility for community rehabilitation program purposes, the establishment of a facility for community rehabilitation program purposes, or the acquisition of equipment.

(2) The Secretary may waive or modify the maintenance of effort requirement in paragraph (b) of this section or the 10 percent allotment limitation in § 361.61 if the Secretary determines that a waiver or modification is necessary to permit the State to respond to exceptional or uncontrollable circumstances, such as a major natural disaster, that result in significant destruction of existing facilities and require the State to make substantial expenditures for the construction of a facility for community rehabilitation program purposes or the establishment of a facility for community rehabilitation program purposes in order to provide vocational rehabilitation services.

(3) A written request for waiver or modification, including supporting justification, must be submitted to the Secretary as soon as the State determines that an exceptional or uncontrollable circumstance will prevent it from making its required expenditures from non-Federal sources.

Education Department General Administrative Regulations (EDGAR)

34 CFR 80.20 Standards for financial management systems.

(a) A State must expend 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

34 CFR 80.24 Matching or Cost Sharing.

(a) Basic rule: Costs 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:

(1) Allowable costs incurred by the grantee, subgrantee or a cost-type contractor under the assistance agreement. This includes allowable costs borne by non-Federal grants or by others cash donations from non-Federal third parties.

Federal Cost Principles as Cited in the CFR

2 CFR 225—Appendix A

C. Basic Guidelines

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
 - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
 - b. Be allocable to Federal awards under the provisions of 2 CFR part 225.
 - c. Be authorized or not prohibited under State or local laws or regulations.
 - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
 - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
 - f. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
 - g. Except as otherwise provided for in 2 CFR part 225, be determined in accordance with generally accepted accounting principles.
 - h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
 - i. Be the net of all applicable credits.
 - j. Be adequately documented.
2. Reasonable costs. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when governmental units or components are predominately federally-funded. In determining reasonableness of a given cost, consideration shall be given to:
 - a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit or the performance of the Federal award.
 - b. The restraints or requirements imposed by such factors as: Sound business practices; arm's-length bargaining; Federal, State and other laws and regulations; and, terms and conditions of the Federal award.
 - c. Market prices for comparable goods or services.
 - d. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the governmental unit, its employees, the public at large, and the Federal Government.
 - e. Significant deviations from the established practices of the governmental unit which may unjustifiably increase the Federal award's cost.
3. Allocable costs.
 - a. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.
 - b. All activities which benefit from the governmental unit's indirect cost, including unallowable activities and services donated to the governmental unit by third parties, will receive an appropriate allocation of indirect costs.
 - c. Any cost allocable to a particular Federal award or cost objective under the principles provided for in 2 CFR part 225 may not be charged to other Federal awards to overcome

fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons.

d. Where an accumulation of indirect costs will ultimately result in charges to a Federal award, a cost allocation plan will be required as described in Appendices C, D, and E to this part.

4. Applicable credits.

a. Applicable credits refer to those receipts or reduction of expenditure-type transactions that offset or reduce expense items allocable to Federal awards as direct or indirect costs.

Examples of such transactions are: Purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the governmental unit relate to allowable costs, they shall be credited to the Federal award either as a cost reduction or cash refund, as appropriate.

b. In some instances, the amounts received from the Federal Government to finance activities or service operations of the governmental unit should be treated as applicable credits.

Specifically, the concept of netting such credit items (including any amounts used to meet cost sharing or matching requirements) should be recognized in determining the rates or amounts to be charged to Federal awards. (See Appendix B to this part, item 11, "Depreciation and use allowances," for areas of potential application in the matter of Federal financing of activities.)

2 CFR 225—Appendix B

8. Compensation for personal services.

h. Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8.h.(5) of this appendix unless a statistical sampling system (see subsection 8.h.(6) of this appendix) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity.

(5) Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after-the-fact distribution of the actual activity of each employee,
- (b) They must account for the total activity for which each employee is compensated,

- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
- (d) They must be signed by the employee.
- (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:
 - (i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;
 - (ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and
 - (iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

Information Memorandum

RAS-IM-07 Definition and Documentation of Expenditures from Non-Federal Sources