

**FISCAL YEAR 2017
MONITORING REPORT
ON THE
INDIANA BUREAU OF REHABILITATION
SERVICES
VOCATIONAL REHABILITATION
AND
SUPPORTED EMPLOYMENT PROGRAMS**



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

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SECTION 1: EXECUTIVE SUMMARY

A. Background

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

Through its monitoring of the State Vocational Rehabilitation Services program (VR program) and the State Supported Employment Services program (Supported Employment program) administered by the Indiana Bureau of Rehabilitation Services (BRS) in Federal fiscal year (FFY) 2017, RSA:

Assessed the performance of the VR and the Supported Employment programs with respect to the achievement of quality employment outcomes for individuals with disabilities and those with the most significant disabilities, including students and youth with disabilities;
Identified strategies and corrective actions to improve program and fiscal performance related to the following focus areas:

- Performance of the VR Program;
- Transition Services, including Pre-Employment Transition Services, for Students and Youth with Disabilities;
- Supported Employment Program;
- Allocation and Expenditure of VR Program and Supported Employment Program Funds; and
- Joint WIOA Final Rule Implementation.

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

The nature and scope of this review and the process by which RSA carried out its monitoring activities, including the conduct of an on-site visit April 17 through April 21, 2017, is described in detail in the [FFY 2017 Vocational Rehabilitation Program Monitoring and Technical Assistance Guide](#).

B. Summary of Observations and Findings

RSA's review of BRS resulted in the observations and findings summarized below. The entire observations and findings, along with the recommendations and corrective actions that the agency can undertake to improve its performance are contained within the sections of this report covering the focus areas to which they pertain. RSA compares BRS performance to the national performance for all combined agencies. This is for comparison only; there are no requirements for VR agencies to meet or exceed national performance levels.

Observations

RSA observed that:

- From FFY 2014 through FFY 2016, over one-quarter of all individuals determined eligible for VR services exited the VR program without employment outcomes, before an individualized plan for employment (IPE) was signed or before receiving services.
- From FFY 2014 through FFY 2016, the number and percentage of individuals who received services and did not achieve an employment outcome increased, while the number and percentage of individuals who received services and achieved an employment outcome decreased.
- While there was an increase in the percentage of individuals served by BRS with visual, auditory and communicative disabilities whose service records were closed from FFY 2014 through FFY 2016, there was an overall decrease in the percentage of individuals served with physical, intellectual and learning disabilities, and psychosocial and psychological disabilities, and an overall decrease in employment rates for these populations during the same period.
- BRS has not established a quality assurance (QA) system for the review of service records to ensure that BRS is maintaining the record of services and supporting documentation for each applicant and eligible individual required in 34 CFR §361.47.
- Although the total number and percentage of service records closed for individuals under the age of 25 who exited the VR system from application or during/after trial work decreased from FFY 2014 to FFY 2016, the percentage of individuals under age 25 who exited the VR system without employment, after eligibility, but before an IPE was developed and without employment, after an IPE, but before services, increased from FFY 2015 to FFY 2016.
- Although the quality of employment outcomes achieved by individuals under 25 at exit improved from FFY 2015 through FFY 2016, the number and percentage of individuals under the age of 25 at exit who received VR services and did not achieve employment increased and the number and percentage of individuals under the age of 25 at exit who received services and achieved employment decreased from FFY 2014 to FFY 2016.

- Although BRS has placed a heightened emphasis on quality employment outcomes, over half of the individuals under the age of 25 at exit obtained employment outcomes in relatively low wage occupations, such as production occupations, food preparation and serving, and office and administrative support.
- BRS served a lower percentage of individuals under the age of 25 at exit with intellectual and learning disabilities when compared to the percentage for combined agencies in FFY 2016. However, the employment rates for individuals under the age of 25 at exit with all types of disabilities were less than the percentages for combined agencies in FFY 2016.
- Although BRS assisted a greater percentage of individuals who achieved supported employment and whose service records were closed in FFY 2016, when compared to combined agencies, the number and percentage of individuals who achieved a supported employment outcome and whose service records were closed decreased from FFY 2015 to FFY 2016.
- From FFY 2014 to FFY 2016, the overall number and percentage of individuals who received assessment, job search and placement services, and on-the-job supports (supported employment) declined, while the number and percentage of individuals who received short term on-the-job-supports, transportation, and maintenance services increased for individuals who achieved supported employment and whose service records were closed.
- The median earnings of individuals who achieved supported employment in competitive integrated employment increased during the three-year period, but remained slightly lower than the national performance for combined agencies. Competitive supported employment outcomes with employer provided insurance was higher than the national performance for combined agencies in FFY 2016.

Findings

RSA found that:

- BRS did not determine the eligibility of 21.8 percent of all individuals served whose service records were closed in FFY 2016, within the required 60-day Federal timeframe from the date of application pursuant to 34 CFR §361.41(b)(1).
- BRS did not develop IPEs within 90 days from the date of eligibility determination for 31 percent of all individuals served whose service records were closed in FFY 2016, in accordance with 34 CFR §§361.45(a)(1) and 34 CFR §361.45(e).
- BRS did not satisfy IPE amendment requirements in 34 CFR §361.45(d)(6) and (7), the service record closure requirements in 34 CFR §361.56, nor the service record documentation requirements in 34 CFR §361.47.
- Pre-employment transition services are not yet available Statewide for students with disabilities who are eligible or potentially eligible for VR services in the State of Indiana in accordance with 34 CFR §361.48(a)(1).
- BRS is not in compliance with the Federal requirements (34 CFR §361.12, 34 CFR §76.702, and 2 CFR §200.302) to ensure obligations and expenditures are assigned to the

correct Federal award for both the VR and Supported Employment programs. Additionally, BRS did not have sufficient internal controls to ensure that reclassified expenditures were assigned to the correct FFYs and all obligations were correctly recorded in the agency's accounting system and reported on Federal Financial Reports (SF-425).

- BRS is not in compliance with 34 CFR §361.63 which requires payments received from workers' compensation funds and payments received by the State agency from insurers, consumers, or others for services to defray part or all of the costs of services provided to particular individuals to be counted as program income. As a result, BRS has also underreported the amount of program income received and expended on its SF-425 reports.
- Payments to providers in excess of the maximum reimbursement rate for the purchase of hearing aids are not allowable VR services. Therefore, such costs are not necessary and reasonable for the performance of the Federal award as required by 2 CFR §200.403(a). The amount of payments in excess of the maximum allowable reimbursement represents questioned VR program costs.
- BRS is not in compliance with the prior approval requirements pursuant to the Uniform Guidance (2 CFR §200.407).
- BRS does not maintain effective internal controls over the Federal award that provide reasonable assurances that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award, as required by 34 CFR §361.12 and 2 CFR §200.303. Specific internal control areas of deficiency include not having established a rate setting methodology for purchased services, oversight of grant-supported activities, contract development and execution to ensure accuracy and reasonableness, and following existing State procurement policies (particularly with respect to detailed job duties contained in contracts), and overall accountability. RSA is particularly concerned about the number of issues identified through BRS' use of the RFF process and the lack of internal controls and oversight.

C. Summary of Technical Assistance

During the review process, RSA provided technical assistance to BRS:

- Clarifying formal interagency agreement requirements under section 101(a)(11)(D) of the Act and 34 CFR §361.22(b) as they relate to the formal interagency agreement between the Indiana Division of Disability and Rehabilitative Services (DDRS) and the Indiana Department of Education (IDE);
- Clarifying the requirements for the coordination and provision of pre-employment transition services in section 113 of the Act and 34 CFR §361.48(a), as well as the coordination of responsibilities under section 511 of the Act and 34 CFR part 397;
- Identifying necessary revisions to the VR Rules in Title 460, Article 14 of the Indiana Administrative Code (IAC), as well as BRS' Policy and Procedures Manual (PPM)

pursuant to the statutory requirements in the Act, as well as the regulatory requirements in 34 CFR parts 361, 363, and 397;

- Clarifying tracking and reporting requirements for the provision of pre-employment transition services and the need for proper internal controls in accordance with RSA Technical Assistance Circular (TAC) 16-04, 34 CFR §361.12 and 2 CFR §200.302;
- Clarifying that pre-employment transition services are to be made available Statewide to students with disabilities who are in need of such services who are eligible or potentially eligible for VR services;
- Requesting that BRS include measureable outcomes in pre-employment transition contracts in order to monitor and evaluate the services provided and contract performance;
- Clarifying that authorized activities, as described in section 113(c) of the Act, and 34 CFR §361.48(a)(3), must support the provision or arrangement of the provision of the required activities under section 113(b) of the Act;
- Clarifying that pre-employment transition coordination activities listed in section 113(d) of the Act and 34 CFR §361.48(a)(4) are necessary for the provision of required activities to students with disabilities;
- Clarifying requirements of the Supported Employment program under 34 CFR part 363 and recommended revisions to the IAC and BRS' PPM, including the extension of the allowable timeframe for the provision of supported employment services, competitive integrated employment, customized employment, short-term basis, and extended services for youth with the most significant disabilities;
- Clarifying the 50 percent reserve and 10 percent match requirements for Title VI supported employment funds allotted for the provision of supported employment services;
- Clarifying service record closure requirements for individuals who have achieved a supported employment outcome;
- Discussing BRS' co-location with the WorkOne Center(s); and
- Clarifying the requirements for implementing an order of selection and needed amendments to the VR services portion of the program year (PY) 2016 Unified State Plan.

As a result of the monitoring process, BRS and RSA identified the need for additional technical assistance related to RSA-911 reporting elements to ensure compliance with section 116(d)(2) of WIOA and 34 CFR §361.160.

D. Review Team Participants

Members of the RSA review team included Marisa Liuzzi and Terrence Martin (Technical Assistance Unit); Tonya Stellar, Christopher Pope, and Jessica Davis (Vocational Rehabilitation Program Unit); David Steele and David Miller (Fiscal Unit); and Melinda Giancola and Andrew Kerns (Data Collection and Analysis Unit). Although not all team members participated in the

on-site visit, each contributed to the gathering and analysis of information, along with the development of this report.

E. Acknowledgements

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

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

A. Nature and Scope

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

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

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

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

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

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

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

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

B. Overview of Performance Data and Internal Controls

RSA reviewed BRS' performance for FFYs 2014, 2015, and 2016, with particular attention given to the number and quality of outcomes achieved by individuals with disabilities in the State. Additionally, the review addressed the number of individuals who were determined eligible for VR services and who received services through the VR program. The data used in this review were provided by BRS to RSA on the Quarterly Cumulative Caseload Report (RSA-113) and the Case Service Report (RSA-911).

The VR Process

From FFY 2014 through FFY 2016, the total number of applicants decreased from 13,804 individuals to 13,130 individuals; and the total number of individuals eligible for VR services increased from 11,623 to 12,259 individuals. Similarly, the number of individuals with an IPE who received services increased from 13,248 individuals in FFY 2015 to 13,594 individuals in FFY 2016.

During FFY 2014 through FFY 2016, of all individuals whose service records were closed, the total number of individuals who exited from the VR system as applicants decreased from 1,987 individuals or 15.5 percent in FFY 2014, to 1,191 individuals or 10.4 percent in FFY 2016. Similarly, during the same time period, the number and percentage of individuals exiting from trial work experiences decreased from 293 individuals or 2.3 percent of all individuals whose service records were closed in FFY 2014, to 185 individuals or 1.6 percent in FFY 2016, which was greater than the national performance for combined agencies of .8 percent in FFY 2016. However, during the same time period, the number of individuals who exited from the VR system without employment outcomes, after eligibility determination, but before an IPE was signed and services were received, increased from 3,222 individuals or 25.1 percent of all individuals whose service records were closed in FFY 2014, to 3,278 individuals or 28.6 percent

in FFY 2016, which was greater than the national performance of 23.4 percent for combined agencies.

During the same time period, the percentage of individuals who were accepted for VR services, but received no services decreased from 27.7 percent in FFY 2014, to 26.3 percent in FFY 2016, which was higher than the national performance of 23.30 percent for combined agencies.

Employment Outcomes

The number and percentage of individuals served whose service records were closed after achieving employment decreased from 4,377 individuals or 34 percent in FFY 2014, to 3,754 individuals or 32.7 percent in FFY 2016. At the same time, the number and percentage of individuals who did not achieve employment and whose service records were closed increased from 2,979 individuals or 23.2 percent in FFY 2014, to 3,066 individuals or 26.7 percent in FFY 2016. As such, the rehabilitation rate decreased from 59.5 percent in FFY 2014, to 55 percent in FFY 2016, slightly lower than the national performance of 55.9 percent for combined agencies in FFY 2016. Furthermore, the number and percentage of individuals who achieved supported employment outcomes decreased from 1,012 individuals or 24.7 percent of all individuals whose service records were closed in FFY 2015, to 640 individuals or 17 percent in FFY 2016.

From FFY 2014 through FFY 2016, the average hourly earnings for individuals who achieved competitive employment outcomes increased from \$11.81 per hour to \$13.17 per hour, which was significantly higher than the national performance of \$11.84 per hour for combined agencies. Similarly, the average hours worked per week by these individuals increased from 29.1 hours per week in FFY 2015, to 29.79 hours per week in FFY 2016, compared to the national performance of 30.3 hours for combined agencies.

VR Services Provided

From FFY 2014 through FFY 2016, the number of individuals served by BRS decreased from 7,356 to 6,820 individuals. Of the individuals who received training services and whose service records were closed in FFY 2016, 1,509 individuals received postsecondary education training, a substantial increase from 1,264 individuals in FFY 2014. Similarly, in FFY 2016, 10.9 percent received miscellaneous training compared to the national performance of 7.8 percent for combined agencies, and 6.9 percent received occupational/vocational training compared to the national performance of 10.1 percent for combined agencies.

Of the individuals who received career services, whose service records were closed in FFY 2016, 100 percent received guidance and counseling compared to the national performance of 64.4 percent for combined agencies; 86.3 percent received assessment services compared to the national performance of 57.2 percent for combined agencies, 23.8 percent received on-the-job supports short-term compared to the national performance of 13.8 percent for combined agencies, and 16.1 percent received job search assistance compared to the national performance of 33.2 percent for combined agencies. From FFY 2014 through FFY 2016, the percentage of individuals who received job search assistance decreased from 42 percent to 16.1 percent, and

the percentage of individuals who received job placement assistance also decreased from 38.1 percent to 31.7 percent.

Of the individuals who received other services and whose service records were closed in FFY 2016, 35.7 percent received transportation services compared to the national performance of 34.5 percent for combined agencies, and 30.6 percent received rehabilitation technology compared to the national performance of 16.5 percent for combined agencies. From FFY 2014 through FFY 2016, there was a significant increase in the percentage of individuals who received rehabilitation technology (17 to 30 percent), maintenance (3 to 22 percent), and transportation (29 to 35 percent). However, there was an overall decrease in BRS' provision of job search and placement services as well as technical assistance services and other services from FFY 2014 through FFY 2016.

Select Measures for All Individuals Served by Disability

Of the individuals served who exited from the VR system in FFY 2016, 33.9 percent were individuals with auditory and communicative disabilities who achieved employment, compared to the national performance of 13.9 percent for combined agencies. On the other hand, of individuals served who exited from the VR system who did not achieve employment, 33.3 percent were individuals with psychosocial and psychological disabilities, compared to the national performance of 35.8 percent for combined agencies; and 31.8 percent were individuals with intellectual disabilities, compared to the national performance of 32.7 percent for combined agencies.

From FFY 2014 through FFY 2016, there was an increase in the percentage of individuals served by BRS whose service records were closed with visual, auditory and communicative disabilities, while there was a decrease in the percentage of individuals served with intellectual and learning disabilities as well as psychosocial and psychological disabilities.

When compared to the national performance for combined agencies in FFY 2016, employment outcomes were achieved for a smaller percentage of individuals served by BRS with physical, intellectual and learning disabilities, and psychosocial and psychological disabilities.

From FFY 2014 through FFY 2016, there was a decrease in the employment rate for individuals with visual, intellectual and learning disabilities, and psychosocial and psychological disabilities, which were all below the national performance for combined agencies in FFY 2016. However, BRS reported the highest employment rate for individuals with auditory and communicative disabilities whose service records were closed in FFY 2016.

In FFY 2016, individuals with auditory and communicative disabilities had an employment rate of 89.1 percent compared to the national performance of 76.7 percent for combined agencies, while individuals with psychosocial and psychological disabilities had the lowest employment rate of 41.3 percent compared to the national performance of 49.6 percent for combined agencies.

Length of Time in Stages of the VR Process

The percentage of individuals served who were determined eligible within 60 days from the date of application decreased from 81.2 percent for all individuals whose service records were closed in FFY 2014, to 78.2 percent in FFY 2016. This percentage was less than the national performance of 82.6 percent for combined agencies in FFY 2016. The percentage of those individuals determined eligible within 61 to 90 days from the date of application increased from 13.9 percent for all individuals whose service records were closed in FFY 2014, to 14.9 percent in FFY 2016, compared to the national performance of 8.3 percent for combined agencies in FFY 2016.

Prior to the WIOA amendments to the Act, BRS implemented a State-established standard for development of the IPE of 120 days. Effective July 22, 2014, VR agencies were required to develop an IPE within 90 days from the date of eligibility determination for all individuals served. From FFY 2014 through FFY 2016, the percentage of individuals for whom an IPE was developed within 90 days decreased from 71 percent to 69 percent for all individuals whose service records were closed, below the national performance of 75.1 percent for combined agencies. In addition, the percentage of individuals served for whom an IPE was developed more than 90 days from the date of eligibility determination increased from 29 percent for all individuals whose service records were closed in FFY 2014, to 31 percent in FFY 2016, which was greater than the national performance of 24.8 percent for combined agencies. No open case data were provided during the review from which to determine the degree of progress being made by BRS from July 22, 2014, to the present related to timely IPE development.

Of all individuals served whose service records were closed in FFY 2016, 70.8 percent of individuals were in the VR service delivery system from the development of the IPE to closure of the service record for 0-24 months, which is similar to the national performance of 64.4 percent for combined agencies. Approximately 29 percent of individuals served by BRS, whose service records were closed in FFY 2016, were in the VR service delivery system for 25 or more months, compared to the national performance of 35.6 percent for combined agencies.

Standard Occupational Codes for Individuals Who Achieved Employment Outcomes

Of the individuals served who achieved employment and whose service records were closed in FFY 2016, 15.5 percent were employed in production occupations with an average hourly wage of \$10 per hour, 14.6 percent were employed in office and administrative support with an average hourly wage of \$10.00 per hour, 9.4 percent were employed in food preparation and service related occupations with an average hourly wage of \$8.36 per hour, and 9.4 percent were employed in transportation and material moving with an average hourly wage of \$10 per hour.

Internal Controls

During the on-site monitoring review, RSA conducted a service record review of 30 service records comprised of service records for individuals who did and did not achieve employment on

September 30, 2016, to verify and ensure that the documentation in the case service record is accurate, complete, and supports the data entered into the RSA-911 with respect to the date of application, the date of eligibility determination, date of IPE, start date of employment in primary occupation at exit or closure, hourly wage at exit or closure, employment status at exit or closure, type of exit or closure, and date of exit or closure.

Of the 30 service records reviewed for those individuals who achieved employment, 27 records or 90 percent of such service records reviewed included a start date for employment, while 25 records or 83 percent of such service records reviewed included an employment status at closure. Also, 26 service records or 87 percent of the service records reviewed for those individuals who achieved employment, included weekly earnings at employment, while 10 service records or 33 percent of such service records reviewed included the type of closure and 1 service record or 3 percent of the service records reviewed included the date of closure.

Due to the lack of supporting documentation required by 34 CFR §361.47, RSA was unable to verify that the requirements for closing the record of services of an individual who achieved employment in 34 CFR §361.56 were met. Specifically, RSA was unable to verify that BRS counselors contacted individuals directly to verify that they maintained employment for at least 90 days after stabilization, were stable in their current employment, and that they were satisfied with the employment outcome prior to closing their service records as having achieved an employment outcome. Furthermore, RSA was unable to verify whether individuals were in agreement with the decision to close their service records.

While on-site, BRS management staff and VR counselors explained that the VR agency routinely closes the service records of individuals who have achieved an employment outcome 90 days from the individual's reported employment start date. VR agency staff also reported that BRS uses a closure letter and/or an IPE- Final Plan Amendment (FPA) as documentation for closing a service record. Pursuant to BRS' PPM 480, each service record closed must include all documentation and data to meet Federal, State, and internal reporting requirements. However, a closure letter is used to close a service record only if the individual does not have an approved IPE. Furthermore, if an individual has an approved IPE, an IPE-FPA is required to terminate services and "close" the service record. Of the 30 service records reviewed, 28 contained IPE-FPAs that were not signed by the individual for whom services were being terminated. BRS management and VR counselors informed RSA that individuals who achieved an employment outcome rarely return a signed IPE-FPA. In addition, BRS management and VR counselors reported that BRS does not require individuals to submit documentation of any type to support self-reported information regarding their employment during the minimum 90-day period under 34 CFR §361.56.

At the time of the on-site review, BRS did not have policies and procedures requiring VR counselors to maintain documentation (either hardcopy or electronic documents) in the case management system to corroborate each participant's date of application, employment start date, weekly earnings at closure, and hours worked per week at closure. The employment

dates in the service records reviewed were unverifiable without supporting documentation and, therefore, unreliable for use when determining whether all case service record closures for individuals who achieved an employment outcome were accurate and reliable.

BRS reported that it has implemented procedures for area supervisors to review eligibility determinations and IPE development for VR counselors within their six month probationary period, or longer if determined to be necessary by the area supervisor. In addition, BRS' regional managers review five percent of case service records assigned to area supervisors. However, BRS did not provide or describe procedures or practices through which area supervisors review the supporting documentation in a service record prior to closure to verify that the individual's employment was stable, competitive, in an integrated setting, satisfactory to both the individual and VR counselor, and maintained for 90 days.

C. Analysis of Performance and Observations

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

2.1. Attrition

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

- From FFY 2014 through FFY 2016, the number of individuals who exited the VR program, after being determined eligible for VR services, but before an IPE was developed, increased while BRS' timely development of IPEs within the 90-day Federal requirement from the date of eligibility determination decreased and the percentage of IPEs developed over 90 days from the date of eligibility determination increased.
- BRS attributed the delay in IPE development to insufficient staffing resources, including high VR counselor caseloads and a poor VR counselor retention rate, resulting in a diminished capacity to serve individuals who were newly referred and who applied for VR services. BRS reported that it has experienced difficulty retaining VR counselors for several years. As of June 30, 2017, BRS reported that the turnover rate for all VR field positions was 41 percent, with a 56 percent turnover rate for VR counselor positions. BRS believes that this staff turnover has been a major contributing factor to BRS' diminished capacity to serve all individuals seeking VR services and to serve consumers already in the system in a timely manner.
- BRS reported that of the 170 current VR counselor positions, 87 (or 51 percent) are filled with staff who have been employed by BRS more than two years, while 83 positions (or 49 percent) are either vacant or filled with VR staff who have less than two years of employment. Of these, many are in training and developing their knowledge as VR counselors. As of June 30, 2017, 35 VR counselor positions were vacant.
- While on-site, BRS and RSA discussed BRS' current strategies to decrease the percentage of individuals exiting the VR system after eligibility, but before the provision of services, as well as how to improve untimely IPE development, such as BRS' use of case coordinators to gather information and documentation to be used in making an eligibility determination; piloting the use of experienced VR counselors as intake counselors to make timely eligibility determinations and development of the IPE; evaluating and measuring performance in VR counselor performance appraisals; and using case management reports to address timely provision of services and to inform management of training needs.
- While on-site RSA and BRS discussed its plan to implement an order of selection on August 1, 2017 due to limited staff capacity and its inability to provide the full range of

services listed in section 103(a) of the Rehabilitation Act as appropriate, to all eligible individuals with disabilities in the State who apply for services in accordance with section 101(a)(5) of the Rehabilitation Act.

2.2. Employment Outcomes

Observation: From FFY 2014 through FFY 2016, the number and percentage of individuals who received services and did not achieve an employment outcome increased, while the number and percentage of individuals who received services and achieved an employment outcome decreased. As such, the rehabilitation rate also decreased during the same time period, meaning that BRS assisted fewer individuals with disabilities to achieve employment during that period.

- Although the rehabilitation rate declined from FFY 2014 to FFY 2016, and was below the national performance of 55.9 percent for combined agencies, it increased from 51.79 percent in FFY 2008, as reported in the FFY 2009 section 107 monitoring report, to 55 percent in FFY 2016.
- As described in section B of this focus area, the percentage of individuals who received job search assistance and job placement assistance and whose service records were closed decreased from FFY 2014 through FFY 2016. When compared to the national performance for combined agencies, the percentage of individuals who received job search assistance from BRS was almost half the percentage for combined agencies.
- While on-site, RSA and BRS discussed the decline in the provision of job search and placement services; the decrease in the employment rate, and BRS' focus on improving the quality, rather than the quantity, of employment outcomes for individuals served by BRS. BRS explained that it implemented an employment services model in July 2015, which replaced a results-based funding model BRS previously used to procure employment services for over eight years. BRS shared that the new approach to employment services focuses on discovery activities based on and targeted to each individual's needs, and necessary supports to achieve quality competitive integrated employment.
- BRS provided training to VR and community rehabilitation program (CRP) staff on the new employment services model prior to implementation in FFY 2015, and believes that the new model and approach will improve the quality of employment outcomes achieved.
- The average hourly earnings for competitive employment outcomes increased From FFY 2014 through FFY 2016 for all individuals whose service records were closed and was significantly higher than the national performance for combined agencies in FFY 2016. This is a significant improvement from \$8.05 per hour for individuals who achieved employment in FFY 2008, as reported in the FFY 2009 section 107 monitoring report.

2.3 Individuals Served and Outcomes by Type of Disability

Observation: While there was an increase in the percentage of individuals served by BRS with visual, auditory and communicative disabilities whose service records were closed from FFY 2014 through FFY 2016, there was an overall decrease in the percentage of individuals served

with physical, intellectual and learning disabilities, and psychosocial and psychological disabilities, and an overall decrease in employment rates for these populations during the same period. Furthermore, the greatest percentage of individuals served who exited the VR system in FFY 2016 were individuals with auditory or communicative disabilities who achieved employment.

- Although approximately one-third of the individuals served by BRS who exited from the VR system in FFY 2016 were individuals with auditory and communicative disabilities who achieved employment, of those who did not achieve employment, approximately one-third were individuals with psychosocial and psychological disabilities and one-third were individuals with intellectual disabilities.
- From FFY 2014 through FFY 2016, the number and percentage of individuals served who received rehabilitation technology services and whose service records were closed increased. In FFY 2016, the percentage was almost double the national performance for combined agencies.
- BRS maintains multiple contracts for providing interpreting services and hearing aids and devices. These contracts are further discussed in the Fiscal Focus Area.
- While on-site, RSA met with a rehabilitation counselor for the deaf (RCD) assigned to work with the Indiana School for the Deaf. The RCD reported that there is a very strong deaf community in the State of Indiana, which may account for the larger percentage of individuals served by BRS with auditory and communicative disabilities whose service records were closed (21.0 percent) in FFY 2016, when compared to the national performance of 10.1 percent for combined agencies in FFY 2016.

2.4. Service Record Review Process

Observation: BRS requires that 100 percent of eligibility determinations made and IPES developed by VR counselors in a probationary status (6 months from the date of hire) be reviewed by area supervisors and that five percent of the service records under the purview of each area supervisor be reviewed by a regional manager. However, BRS has not established a QA system for the review of service records to ensure that BRS is maintaining the record of services and supporting documentation for each applicant and eligible individual required in 34 CFR §361.47. As a result, BRS' management staff is unable to use accurate performance data to effect required changes in the VR program service delivery process.

- The service record review process presently in place is administered by area supervisors, and only for the VR counselors whom they directly supervise. No independent or cross-regional reviews are conducted.
- Results of the service record reviews conducted by the area supervisors are not aggregated at the State level and, therefore, the performance data are not available to provide management with an assessment of overall performance. In addition, data are not available to inform the design of training programs or to serve as a means of evaluating the training conducted.

D. Recommendations

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

RSA recommends that BRS:

2.1 Attrition

- 2.1.1 Conduct surveys of individuals who exit the VR program after eligibility is determined but before IPEs are developed to determine the reasons why these individuals are withdrawing from the program;
- 2.1.2 Based on the information obtained through this survey, develop goals with measurable targets to decrease the number of individuals exiting the VR program at this stage of the process and strategies to achieve these goals; and
- 2.1.3 Assess barriers and challenges to timely IPE development and provide staff training to address barriers.

2.2 Employment Outcomes

- 2.2.1 Develop measurable goals and strategies to improve the agency's employment rate; and
- 2.2.2 Evaluate the decline in services and determine if necessary services are being provided to assist individuals with achieving quality employment, including job search and placement services.

2.3 Individuals Served and Outcomes by Type of Disability

- 2.3.1 Evaluate the percentage of individuals served by BRS to determine if it is serving individuals from unserved or underserved populations;
- 2.3.2 Develop and implement outreach plans and methods to improve service delivery access to individuals from unserved and underserved populations; and
- 2.3.3 Identify and assess barriers and challenges to achieving employment and develop strategies to improve the employment rate for all populations served.

2.4 Service Record Review Process

- 2.4.1 Expand written internal control policies and procedures for the accuracy and validity of data reported through the RSA-911, specifically for maintaining verifying documentation in an individual's case file, particularly regarding eligibility determinations, development of the IPE, services provided, and service record closure;
- 2.4.2 Develop a QA process for the review of service records in each region on an annual basis by staff not functioning as VR counselor supervisors, such as central office staff or regional managers from different regions;

- 2.4.3 Review and develop instrumentation for conducting service record reviews; and
- 2.4.4 Develop mechanisms to collect and aggregate the results of the review process and use the results to inform the design and evaluation of training.

E. Findings and Corrective Actions to Improve Performance

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

2.1 Untimely Eligibility Determination

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

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

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

FFY 2016 data reported by BRS on the RSA-911 show that:

- Only 78.2 percent of all individuals served whose service records were closed in FFY 2016 had an eligibility determination made within the required 60-day period, compared to the national performance of 82.6 percent for combined agencies;
- BRS made eligibility determinations for 14.9 percent of all individuals served whose service records were closed in FFY 2016 within a 61-to-90 day period, compared to the national performance of 8.3 percent for combined agencies;
- Of the total individuals served, only 77.84 percent of individuals under age 25 at exit whose service records were closed in FFY 2016 had an eligibility determination made within the required 60-day period, compared to the national performance of 81.70 percent for combined agencies;

- BRS made eligibility determinations for 14.99 percent of all individuals under age 25 at exit whose service records were closed in FFY 2016 within a 61-to-90 day period, compared to the national performance of 8.51 percent for combined agencies;
- Of the total individuals served who achieved supported employment and whose service records were closed in FFY 2016, only 83.44 percent had an eligibility determination made within the required 60-day period, compared to the national performance of 85.57 percent for combined agencies; and
- BRS made eligibility determinations for 10.47 percent of the individuals who achieved supported employment and whose service records were closed in FFY 2016 within a 61-to-90-day period, compared to the national performance of 6.54 percent for combined agencies.

During the on-site monitoring visit, BRS reported that it identified untimely eligibility determinations as a performance issue and shared its procedures for reviewing VR counselor determinations. To ensure the quality and accuracy of VR counselor determinations, the area supervisors review 100 percent of eligibility and severity determinations made by new and probationary VR counselors. New VR counselors are in a probationary status for the first 6 months of employment, unless the area supervisor extends the probationary period. At the time of the onsite review, BRS reported it was piloting the use of designated VR counselors as intake counselors, who work with an individual from application to eligibility determination, to increase efficiency and make eligibility determinations within the required 60-day period.

Conclusion: As demonstrated by performance data, BRS did not make eligibility determinations within the required 60-day period for all individuals whose service records were closed in FFY 2016. As a result of the analysis, RSA determined that the agency did not satisfy the eligibility determination requirements in 34 CFR §361.41(b)(1).

Corrective Action Steps:

RSA requires that BRS:

- 2.1.1 Comply with 34 CFR §361.41(b)(1) by making eligibility determinations within the required 60-day period;
- 2.1.2 Evaluate the effectiveness and efficiency of using VR counselors as intake counselors and determine if this practice has improved recent performance related to timely eligibility determinations;
- 2.1.3 Assess and evaluate VR counselor performance and identify effective practices that ensure timely eligibility determinations are made within 60 days from the date of application, including the use of case management tools for, and supervisory review of, timely eligibility determinations; and
- 2.1.4 Develop procedures for VR counselors and supervisors to track and monitor timely and untimely eligibility determinations.

2.2 Untimely Development of the IPE

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

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

Analysis: As part of the monitoring process, RSA analyzed the length of time it took for BRS to develop IPEs for individuals determined eligible for VR services. In particular, FFY 2016 data reported by BRS on the RSA-911 show that:

- Only 69 percent of all individuals served whose service records were closed in FFY 2016, had an IPE developed within the required 90-day period, compared to the national performance of 75.1 percent for combined agencies;
- Thirty-one percent of all individuals served whose service records were closed in FFY 2016 had IPEs developed beyond the required 90-day period, compared to the national performance of 24.9 percent for combined agencies;
- Only 67.88 percent of individuals under age 25 at exit whose service records were closed in FFY 2016 had an IPE developed within the required 90-day period, compared to the national performance of 75.79 percent for combined agencies.
- BRS developed IPEs for 27.01 percent of individuals under age 25 at exit whose service records were closed in FFY 2016 within a 4-to-6 month period, compared to the national performance of 14.16 percent for combined agencies;
- Of the total individuals served who achieved supported employment and whose service records were closed in FFY 2016, only 69.22 percent had an IPE developed within the required 90-day period, compared to the national performance of 79.06 percent for combined agencies; and
- BRS developed IPEs for 25.63 percent of the individuals served who achieved supported employment and whose service records were closed within a 7-to-9 month period, compared to the national performance of 4.20 percent for combined agencies.

During the onsite visit, BRS management informed RSA that it had identified the untimely development of IPEs as a performance issue, and that supervisors were required to monitor 100 percent of IPEs developed by new VR counselors in a probationary status (6 months from the date of hire). In addition, BRS indicated that supervisors review 50 percent of IPEs and IPE amendments written by non-probationary VR counselors. Furthermore, BRS reported that area supervisors may increase the percentage of IPEs reviewed that are developed by non-probationary VR counselors if the area supervisor finds issues with the accuracy and quality of the VR counselor's determinations.

Conclusion: As the FFY 2016 performance data demonstrate, BRS did not develop IPEs for each eligible individual whose service record was closed within 90 days following the date of eligibility determination. As a result of the analysis, BRS did not develop IPEs in a timely manner pursuant to 34 CFR §361.45(a)(1) and within the required 90-day period pursuant to 34 CFR §361.45(e).

Corrective Action Steps:

RSA requires that BRS:

- 2.2.1 Comply with 34 CFR §§361.45(a)(1) and (e) to ensure IPEs are developed within the 90-day Federal timeframe from date of application;
- 2.2.2 Assess and evaluate current procedures for tracking and monitoring counselor performance and efficient practices used by high performing VR counselors and supervisors to ensure timely IPE development, including the use of case management tools for, and supervisory review of, timely IPE development; and
- 2.2.3 Develop goals and strategies to improve VR counselor performance specific to timely IPE development.

2.3 Service Record Closure

Issue: Does BRS close the service records of individuals who achieved an employment outcome without documenting that the employment outcome was maintained for at least 90 days, that the employment outcome was stable, and that the individual no longer needed VR services in accordance with 34 CFR §361.56(b). In addition, do BRS service records include supporting documentation that the employment outcome was considered to be satisfactory by the individual employed and the VR counselor, that the individual was performing well in his or her employment, and that the individual was informed of the availability of post-employment services pursuant to 34 CFR §§361.56(c) and (d). Furthermore, is the agency's use of a Final Plan Amendment (FPA) to terminate the IPE and discontinue services without obtaining the signature of the individual, and the required submission of the FPA before closing a service record of each individual with an approved IPE who achieved employment consistent with VR program regulations.

Requirement: Pursuant to 34 CFR §361.56, the service records for individuals who have achieved an employment outcome may only be closed if: an employment outcome described in the individual's IPE in accordance with 34 CFR §361.46(a)(1) has been achieved and is consistent with an individual's unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice; the employment outcome is maintained for an appropriate period of time, but not less than 90 days to ensure stability of the employment outcome and the individual no longer needs VR services; the outcome is considered to be satisfactory and agreed to by the qualified rehabilitation counselor employed by the DSU and the individual who must agree that they are performing well in the employment; and the individual has been informed of post-employment services through appropriate modes of communication.

Under 34 CFR §361.47(a)(15), prior to closing a service record, VR agencies must maintain documentation verifying that the provisions of 34 CFR §361.56 have been satisfied. More specifically, under 34 CFR §361.47(a)(9), BRS must maintain documentation verifying that an individual who obtains competitive employment is compensated at or above minimum wage and that the individual's wage and level of benefits are not less than that customarily paid by the employer for the same or similar work performed by individuals without disabilities.

Under 34 CFR §361.45(d)(6), the VR agency must ensure that the IPE is amended, as necessary, by the individual, or as appropriate, the individual's representative, if there are substantive changes in the employment goal; the VR services to be provided, including the start/end date of service provision or termination of services; or the providers of the VR services. In accordance with 34 CFR §361.45(d)(7), amendments to the IPE do not take effect until agreed to and signed by the eligible individual, or as appropriate, the individual's representative, and by a qualified VR counselor employed by the DSU.

Analysis: While on-site, RSA reviewed 30 service records closed on September 30, 2016, which included service records of individuals who did, and did not, achieve employment. Of the service records reviewed for those individuals who achieved employment, 27 records or 90 percent of such service records reviewed included a start date for employment, while 25 records or 83 percent of such service records reviewed included an employment status at closure. Also, 26 service records or 87 percent of all service records reviewed for those individuals who achieved employment included weekly earnings at employment, while 10 service records or 33 percent of such service records reviewed included the type of closure and 1 service record or 3 percent of the service records reviewed included the date of closure.

According to the information obtained during the onsite service record review and interviews with BRS management and staff, including VR counselors, BRS reported that it routinely closes service records for those individuals who achieve an employment outcome 90 days after job placement. RSA observed that the service records reviewed lacked documentation to support that BRS' VR counselors verified that the individual maintained employment for at least 90 days after stabilization in employment and that the employment continued to be stable at the time of closure, as required in 34 CFR §361.56(b). Furthermore, the service records reviewed lacked

documentation as to whether the individual no longer needed VR services, the individual and VR counselor considered the employment outcome to be satisfactory, and both agreed that the individual is performing well in employment in accordance with 34 CFR §361.56(c). Due to lack of supporting documentation, RSA was not able to verify whether the individual was informed of the availability of post-employment services as required by 34 CFR §361.56(d).

During the onsite monitoring sessions, BRS management and VR counselors confirmed that BRS does not require that individuals submit documentation of self-reported employment, including wages earned per week.

Section 450 of the PPM clarifies that the individualized plan for employment (IPE) is also referred to as a “plan for services” and “plan” (PPM section 450.01); and that each IPE and amendment must be reviewed at least annually to assess the continued applicability of the current IPE or the need to amend or terminate it (PPM section 450.12(1)(B)). In addition, section 450.12(3) of the PPM further clarifies that if the plan review process reveals that an individual is determined to be no longer eligible for VR services, or that the record of services must be closed for reasons other than a determination that the individual is not eligible, the IPE must be terminated, services discontinued, and the record of services closed.

BRS’ PPM 480.02 requires that a counselor provide adequate notification to the individual or the individual’s representative of the closure decision and the availability of consultation with regard to the closure decision within 10 business days following the closure decision. The notification must be provided in writing in the form of a closure letter for individuals who do not yet have an IPE, or an IPE-FPA, if the individual is an eligible individual who has an approved IPE. BRS requires an IPE-FPA to terminate the IPE, discontinue services, and close the record of service. However, 34 CFR §361.45(d)(6) and (7) require that the IPE be amended, as necessary, and signed by the individual and a qualified VR counselor employed by BRS prior to closure of the service record so that it reflects substantive changes in the employment outcome achieved by the individual, the VR services provided, and the providers of the VR services. Although these regulations do not require that BRS amend the IPE for the purposes of terminating the IPE, discontinuing services and closing the service record, BRS’ use of an IPE-FPA will require client signature as terminating an IPE, its amendments and discontinuing agreed upon services are substantive changes to an IPE. BRS’ VR counselors communicated that the IPE-FPA is mailed to the individual at case closure and many are not returned signed by the individual. Unsigned IPE-FPAs will not take effect until signed by the individual and cannot be used to terminate an IPE, discontinue services, close a service record, or document service record closure. Although the IPE- FPA includes check boxes for documenting the requirements in 34 CFR §361.56, it is not effective without a client signature.

BRS’ PPM 480.17 includes the requirements for documentation and clarifies that each service record closed must include all documentation and data necessary to meet all Federal, State, and internal reporting requirements, including documentation demonstrating that: the closure letter or IPE-FPA required to close the service record, as described in section 480.02 has been

provided, and that consultation prior to closure has occurred, was refused, or was not possible, due to the unavailability of the individual or the individual's representative, if applicable. As such, BRS must maintain documentation (either hardcopy or electronic documents) in the electronic service records within its case management system to verify the accuracy of reporting of Federal requirements, including the individual's date of application, employment start date, weekly earnings at closure, and hours worked per week at service record closure. For the service records reviewed, the employment dates at service record closure were not substantiated with documentation verifying that the individual maintained stable and satisfactory employment for at least 90 days after placement. Therefore, without documentation that the data elements were valid, RSA was unable to verify the accuracy of employment outcomes reported.

Conclusion: As a result of the analysis, RSA determined that BRS did not satisfy IPE amendment requirements in 34 CFR §361.45(d)(6) and (7), the service record closure requirements in 34 CFR §361.56 or the service record closure requirements, including documentation requirements, in BRS' PPM 480.02 and 480.17.

Corrective Action Steps:

RSA requires that BRS:

- 2.3.1 Develop procedures to ensure and document that the provisions of 34 CFR §361.56 have been met and verified through service record documentation in accordance with 34 CFR §361.47(a), including verified documentation that individuals have sustained satisfactory competitive integrated employment earning at least the minimum wage, prior to determining that they have achieved and maintained stable competitive employment for at least 90 days; and
- 2.3.2 Provide guidance and training to staff that any IPE amendment, including the IPE-FPA, must be signed by the eligible individual, or as appropriate, his or her representative and a qualified VR counselor, before it is effective and can be used to terminate an IPE and discontinue services and that the IPE-FPA is not to be used to document the closure of the service record in accordance with 34 CFR §361.45(d)(7).

F. Technical Assistance

During the conduct of the review, BRS did not request technical assistance related to performance improvement from RSA staff.

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

A. Nature and Scope

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

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

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

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

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

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

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

- The VR agency director and other senior managers;
- VR Statewide Youth director;
- VR Statewide transition coordinator;
- BRS fiscal officers and staff;
- BRS VR counselors;
- BRS transition counselors and staff;
- Representatives of the SEA; and
- Employment service providers or CRPs.

B. Overview

BRS provides a continuum of VR services through approximately 170 rehabilitation counselors assigned to 23 local area offices with remote work stations across Indiana. To provide transition services and pre-employment transition services, BRS has assigned VR counselors as liaisons to each of the 407 public high schools in 418 school corporations in the State of Indiana. BRS reported that there are approximately 56,000 students from the ages of 14 through 22 who have

individualized education programs (IEPs) in Indiana. Students with disabilities may self-refer or be referred to BRS by school personnel in LEAs, including teachers, school psychologists, guidance counselors, and IEP teams. VR counselors attend transition planning, IEP meetings, and parent information nights when invited by the LEAs. Although VR counselors have not begun providing group transition services, BRS reported conducting outreach to students with disabilities and coordinating the provision of VR services, including individualized transition services under an IPE for students determined eligible for the VR program, one to two years prior to students with disabilities exiting high school.

BRS provides pre-employment transition services to students with disabilities ages 14-22 in educational programs who have applied for VR services directly through BRS staff, and through nine fee-for-service contracts with employment service providers for those students who are potentially eligible or eligible for VR services. VR counselors provide limited pre-employment transition services including: job exploration counseling; counseling on opportunities for enrollment in comprehensive transition or postsecondary educational programs at institutions of higher education; and instruction in self-advocacy to those students who have applied for VR services. BRS has also assigned nine VR counselors to Project SEARCH sites that provide workplace readiness training, work experiences and instruction in self-advocacy to students with disabilities enrolled in educational programs in approximately 12 counties.

Since the fall of 2016, BRS has focused its efforts on making the required activities under pre-employment transition services available Statewide and at the time of the on-site review had not engaged in authorized activities. However, BRS has two central office staff, a Statewide transition coordinator and Statewide youth director who train and provide technical assistance to VR and LEA staff, students and families on the provision of pre-employment transition services. These staff have also assisted VR counselors with establishing partnerships, addressing challenges and implementing pre-employment transition services, and in so doing, have strengthened collaboration between the Indiana State Department of Education (ISDE), Transition Cadres and Transition Resource Workgroup.

In August 2016, DDRS and BRS revised the formal interagency agreement with the ISDE, to align the agreement with the statutory requirements in the Act. BRS finalized the SEA agreement with ISDE prior to the issuance of the final regulations on August 19, 2016.

Although BRS has not revised its rules in the IAC or BRS' PPM to include pre-employment transition services, it has developed a description of pre-employment transition services for students and families and is reviewing its Transition Fact Sheet and other publications to revise its current resources to include pre-employment transition services. BRS has provided training on the Federal requirements related to providing pre-employment transition services to its staff, employment service providers, and LEAs. In addition, it developed an intake form for the provision of pre-employment transition services and a provider portal to be used with its case management system to track the provision of pre-employment transition services to students with disabilities.

C. Analysis of Performance and Observations

RSA's review and analysis of the performance of BRS in this focus area resulted in the following observations. Recommendations to the observations are in section D of this focus area.

3.1 Individuals Under the Age of 25 Exiting the VR System

Observation: Although the total number and percentage of service records closed for individuals under the age of 25 who exited the VR system from application or during/after trial work decreased from FFY 2014 to FFY 2016, the percentage of individuals under age 25 who exited the VR system without employment, after eligibility, but before and IPE was developed and without employment, after an IPE, but before services, increased from FFY 2015 to FFY 2016. As a result, fewer individuals under the age of 25 at exit who were eligible for, and in need of, VR services received necessary services and achieved employment during this period.

- From FFY 2014 to FFY 2016, the percentage of individuals under the age of 25 at exit who exited the VR system without employment after eligibility, but before an IPE was developed increased from 24.30 percent to 28.18 percent. In FFY 2016, the percentage of individuals under the age of 25 at exit who exited from this status was significantly higher for those served by BRS when compared to the national performance of 4.48 percent for combined agencies.
- Although the percentage of individuals under the age of 25 at exit who were served and exited without employment after an IPE, but before services, increased slightly from 4.32 percent in FFY 2015 to 5.96 percent in FFY 2016, this percentage was substantially less than the national performance of 19 percent for combined agencies.
- Of the individuals under the age of 25 at exit that exited the VR system in FFY 2016, 30.1 percent did not achieve employment after receiving services; 28.1 percent exited without employment, after eligibility, but before an IPE was developed; and 24.74 percent exited with employment.
- From FFY 2014 to FFY 2016, the percentage of individuals under the age of 25 at exit who were served and whose service records were closed after they achieved employment and for "all other reasons" decreased; however, the percentage of these individuals whose service records were closed because BRS was unable to locate them and because they were no longer interested in VR services increased. These percentages were slightly higher than those for combined agencies in FFY 2016.
- Of all individuals whose service records were closed in FFY 2016, BRS reported that 1,198 individuals or 33.9 percent of individuals under the age of 25 at exit who withdrew from the VR service delivery system were no longer interested in receiving VR services or further services. During the same fiscal year, the service records of 879 individuals under 25 or 24.94 percent were closed due to BRS' inability to locate or contact them, while the service records of 500 individuals under 25 or 14.18 percent of all service records were closed for all other reasons, compared to the national performance of 8.29 percent for combined agencies.

3.2 Employment Outcomes

Observation: Although the quality of employment outcomes achieved by individuals under 25 at exit improved from FFY 2015 through FFY 2016, the number and percentage of individuals under the age of 25 at exit who received VR services and did not achieve employment increased and the number and percentage of individuals under the age of 25 at exit who received services and achieved employment decreased from FFY 2014 to FFY 2016. As such, the employment rate decreased during the same period.

- With respect to quality employment outcomes for individuals under the age of 25 at exit who achieved employment, the average hourly earnings have increased from \$9.35 in FFY 2014, to \$9.87 in FFY 2016, which is above the Federal and Indiana minimum wage of \$7.25, but below the national performance of \$10.12 for combined agencies in FFY 2016.
- The hours worked per week for individuals under the age of 25 at exit who achieved employment remained steady at approximately 27 hours per week from FFY 2014 to FFY 2016, which is 2 hours below the national performance of 29 hours per week for combined agencies in FFY 2016.
- It is important to note that in FFY 2016, the percentage of individuals under the age of 25 at exit who achieved competitive employment with employer-provided medical insurance was 21.19 percent in FFY 2016, which was significantly higher than the national performance of 13.15 percent for combined agencies.
- The number and percentage of individuals under the age of 25 at exit who were served and did not achieve employment increased from 930 individuals or 23.01 percent in FFY 2014, to 1,085 individuals or 30.10 percent in FFY 2016, compared to the national performance of 28.04 percent for combined agencies in FFY 2016.
- During the same period, the number and percentage of individuals under the age of 25 at exit who were served who achieved employment decreased from 1,256 or 31.08 percent in FFY 2014, to 892 individuals or 24.74 percent in FFY 2016, which was less than the national performance of 34.07 percent for combined agencies in FFY 2016.
- The percentage of those individuals under the age of 25 at exit who achieved competitive employment outcomes remained steady (above 99 percent) from FFY 2014 to FFY 2016, which is higher than the national performance of 97.55 percent for combined agencies in FFY 2016.
- For the same population, the rehabilitation rate decreased from 57.46 percent in FFY 2014, to 45.12 percent in FFY 2016, which was lower than the national performance of 54.85 percent for combined agencies.

3.3 VR Services Provided to Individuals Under the Age of 25 at Exit and Occupations Achieved

Observation: Although BRS has placed a heightened emphasis on quality employment outcomes, over half of the individuals under the age of 25 at exit obtained employment outcomes

in relatively low wage occupations, such as production occupations, food preparation and serving and office and administrative support.

In FFY 2016, the VR services most often provided to individuals under the age of 25 at exit by BRS included: assessment (85 percent compared to the national performance of 54.90 percent for combined agencies); transportation (40.70 percent compared to the national performance of 29.50 percent for combined agencies); job placement assistance (36.60 percent compared to the national performance of 30.60 percent for combined agencies); maintenance (28.40 percent compared to the national performance of 19.50 percent for combined agencies); other services (26.20 percent compared to the national performance of 18.40 percent for combined agencies); and college or university training (21.40 percent compared to the national performance of 1.60 percent for combined agencies).

- From FFY 2014 to FFY 2016, the number and percentage of individuals under the age of 25 at exit who received four-year or university training increased from 26 individuals or 1.20 percent to 203 individuals or 10.30 percent, compared to 9.90 percent for combined agencies in FFY 2016. During the same time period, the number and percentage of individuals under the age of 25 at exit who received junior or community college training increased from 17 individuals or .80 percent to 158 individuals or 8 percent in FFY 2016, compared to the national performance of 8.40 for combined agencies in FFY 2016.
- The percentage of individuals under the age of 25 at exit who were served and received job readiness training (6.30 percent) and job search assistance (18.50 percent) in FFY 2016, was substantially lower when compared to the national performance of 30.30 and 35.80 percent for combined agencies, respectively, during the same year.
- In FFY 2016, the greatest percentage of individuals under the age of 25 at exit who achieved employment outcomes was in: production occupations (24.78 percent) earning \$8.50 per hour; food preparation and serving (17.04 percent) earning \$7.55; and office and administrative support (12.11 percent) earning \$8.90 per hour.
- The highest percentage of placements for individuals under the age of 25 at exit who achieved employment in FFY 2016 were in occupational fields that yielded the lowest wages (food preparation was the second highest placement, with the lowest wage in FFY 2016).

3.4 Outcomes by Type of Disability

Observation: BRS served a lower percentage of individuals under the age of 25 at exit with intellectual and learning disabilities when compared to the percentage for combined agencies in FFY 2016. However, the employment rates for individuals under the age of 25 at exit with all types of disabilities were less than the percentages for combined agencies in FFY 2016.

- The largest populations of individuals under 25 years of age at exit who were served by VR and achieved employment were individuals with intellectual and learning disabilities and individuals with psychosocial and psychological disabilities.
- Of the total individuals under the age of 25 at exit who were served and had intellectual disabilities, 57.96 percent achieved employment and 52.99 percent did not achieve employment in FFY 2016, with both percentages below the national
- Performance of 63.45 percent and 59.81 percent, respectively, for combined agencies in FFY 2016.
- Of the individuals under the age of 25 at exit who were served and had psychosocial and psychological disabilities, 23.88 percent achieved employment, while 27.83 percent did not achieve employment in FFY 2016. These percentages were higher than the national performance of 21.29 percent and 24.62 percent for combined agencies in FFY 2016, respectively.
- From FFY 2014 to FFY 2016, the number of individuals under the age of 25 at exit served with visual disabilities who achieved employment decreased from 31 individuals or 2.47 percent to 17 individuals or 1.91 percent. However, the decline may or may not

be significant compared to the national performance of 1.78 percent for combined agencies in FFY 2016.

- When compared to the national percentage of individuals under the age of 25 at exit served by disability type, BRS served a greater percentage of individuals with visual, auditory and communicative, physical, and psychosocial and psychological disabilities in FFY 2016. However, the percentage of individuals under the age of 25 at exit served who had intellectual and learning disabilities (54.93 percent) was below the national performance of 61.81 percent for combined agencies.
- BRS reported to RSA that individuals with developmental disabilities are the largest population served by community rehabilitation programs (CRPs), representing 36 percent of all participants served by CRPs.
- During FFY 2014 to FFY 2016, the rehabilitation rates for individuals under the age of 25 at exit served with all disability types declined and were below the national performance for combined agencies in FFY 2016.

D. Recommendations

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

RSA recommends that BRS:

3.1 Individuals under the age of 25 at exit Exiting the VR System

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

3.2 Employment Outcomes

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

3.3 VR Services Provided to Individuals Under the Age of 25 at Exit and Occupations Achieved

- 3.3.1 Analyze the provision of services and employment outcomes achieved by individuals under the age of 25 at exit and determine if VR services provided are aligned with labor market demands in the State of Indiana;
- 3.3.2 Identify career pathways available for individuals under the age of 25 at exit to explore through work-based learning experiences while they are still enrolled in an educational program; and
- 3.3.3 Explore relevant education and training programs, as well as training and employment opportunities with employers, including customized employment.

3.4 Outcomes by Type of Disability

- 3.4.1 Develop and implement outreach plans and methods to improve service delivery access to individuals with intellectual and learning disabilities;
- 3.4.2 Develop and implement a plan to enhance VR counselor and CRP skills to assist individuals with intellectual and learning disabilities; and
- 3.4.3 Identify and assess barriers and challenges to achieving employment and develop strategies to improve the employment rate for all populations served.

E. Findings and Corrective Actions to Improve Performance

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

3.1 Statewide Availability of Pre-Employment Transition Services

Issue: Does BRS make available pre-employment transition services Statewide for students with disabilities who are eligible or potentially eligible for VR services in Indiana.

Requirement: Pursuant to 34 CFR §361.48(a), each State must ensure that the DSU, in collaboration with the LEAs involved, provide, or arrange for the provision of, pre-employment transition services for all students with disabilities, as defined in 34 CFR §361.5(c)(51), in need of such services, without regard to the type of disability, from Federal funds reserved in accordance with 34 CFR §361.65, and any funds made available from State, local, or private funding sources. Funds reserved and made available may be used for the required, authorized, and pre-employment transition coordination activities under paragraphs (2), (3) and (4) of this section. In accordance with 34 CFR §361.48(a)(1), pre-employment transition services must be made available Statewide to all students with disabilities, regardless of whether the student has applied or been determined eligible for VR services.

Analysis: Since the final VR regulations were issued on August 19, 2016, BRS has implemented

contracts for the provision of pre-employment transition services covering 52 of the 92 counties in the State of Indiana; arranged for other purchased services covering 17 of the remaining 40 counties that do not yet have pre-employment transition services available to students with disabilities; and provided such services directly to students who have applied for VR services through BRS' VR counselors. Specifically, BRS implemented nine fee-for-service contracts with employment service providers on October 1, 2016, to provide pre-employment transition services to students with disabilities ages 14 to 22 enrolled in educational programs in 52 of the 92 counties in the State of Indiana who are potentially eligible for VR services. There are currently 407 public high schools in 418 school corporations as reported by BRS. Of these, 198 public high schools are covered by the fee-for-service contracts, and 209 high schools are not. BRS also reported that 10 middle schools/junior high schools are covered by the nine fee-for-service contracts.

BRS reported that employment service providers processed intake information for 1,678 students with disabilities who were potentially eligible for VR services from October 1, 2016 through May 8, 2017. Of these students, the provision of pre-employment transition services by CRPs was reported to BRS for 1,301 students, which was an unduplicated student count. It is important to note that although each student was only counted once, he or she may have received more than one service activity.

At the time of the on-site review, BRS reported to RSA that through these contracts, it arranged for the provision of counseling on opportunities for enrollment in secondary education to 466 students, job exploration counseling to 989 students, instruction in self-advocacy to 731 students, work-based learning to 427 students, and workplace readiness to 804 students.

Of the students who applied for VR services in FFY 2017, BRS' VR counselors arranged for the provision of job exploration counseling for 200 students, work-based learning experiences for 32 students, and workplace readiness training for 14 students in 17 of the 40 counties (based on consumer county of residence) not yet covered by the nine fee-for-service contracts. BRS reported that its VR counselors also directly provide job exploration counseling and instruction in self advocacy to students with disabilities who apply for VR services.

Conclusion: Pursuant to 34 CFR §361.48(a)(1), BRS must make pre-employment transition services available Statewide to all students with disabilities, regardless of whether the student has applied or been determined eligible for VR services. As a result of the analysis, RSA determined that BRS was not making pre-employment transition services available Statewide to all students with disabilities in need of such services who are eligible or potentially eligible for VR services in accordance with 34 CFR §361.48(a)(1).

Corrective Action Steps:

RSA requires that BRS:

3.1.1 Make pre-employment services available in those counties not yet covered by a contract

- with a CRP by using other mechanisms, including fee-for-service contracts and direct provision of services by BRS staff in collaboration with the LEAs; and
- 3.1.2 Track and report to RSA VR counselor staff time spent providing or arranging for the provision of pre-employment transition services for each individual in receipt of pre-employment transition services.

F. Technical Assistance

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

State Educational Agency (SEA) Agreement

Following the WIOA amendments to the Act (effective July 22, 2014), the Indiana DDRS, the DSA to BRS, and the IDE revised the formal interagency agreement to ensure it included the minimum statutory requirements of a formal interagency agreement pursuant to section 101(a)(11)(D) of the Act. The formal interagency agreement was approved on August 24, 2016, and is in effect July 1, 2016 through June 30, 2018. DDRS and IDE included criteria in the current formal interagency agreement to assist LEAs and VR offices with determining which entity is responsible for providing and funding services that are similar under the Act and the IDEA.

While on-site, RSA and BRS discussed the regulatory requirements (finalized on August 19, 2016), specific to the formal interagency agreement as described in 34 CFR §361.22(b) and the need for BRS to incorporate the requirements into the next formal interagency agreement, including the provision of consultation and technical assistance to educational agencies through alternative means; coordination necessary to satisfy documentation requirements set forth in 34 CFR part 397 with regard to students and youth seeking subminimum wage employment; an assurance that neither the SEA nor LEA will enter into a contract or other arrangement with an entity, as defined in 34 CFR §397.5(d), for the purpose of operating a program under which a youth with a disability is engaged in work compensated at subminimum wage; and the construction clause in section 101(c) of the Act.

Pursuant to the formal interagency agreement, the DDRS and IDE committed to developing the procedures and processes that VR area offices and LEAs will use to determine financial responsibilities of each agency for the provision of transition services and pre-employment transition services; for outreach efforts and identification of eligible and potentially eligible students with disabilities; to meet the documentation requirements regarding required activities in which students with disabilities must participate prior to entering into subminimum wage employment; and for sharing appropriate individual or aggregate data and information regarding students with disabilities served or who may be served by DDRS-BRS, IDE and the LEAs.

In addition, RSA clarified under section 101(a)(11)(D) of the Act and 34 CFR §361.22, VR agencies are required to develop policies and procedures for coordinating with educational officials to facilitate the provision of VR services, including pre-employment transition services.

Finally, RSA provided BRS and IDE with the statutory provisions of the construction clause which clarifies that nothing in the formal interagency agreement will be construed to reduce the obligation under IDEA of a LEA or any other agency to provide or pay for transition services, including pre-employment transition services, that are also considered to be a special education or related service necessary for a free appropriate public education (FAPE) in accordance with section 101 of the Act and 34 CFR §361.22(c).

Policies Regarding Pre-Employment Transition Services, Transition Services and other VR Services

At the time of the on-site review, Title 460 of the IAC, Article 14. Vocational Rehabilitation Services, Rules 1 through 25; and the Indiana Family and Social Services Administration, DDRS, Vocational Rehabilitation Services' PPM had not been revised to include the nature and scope of pre-employment transition services as required in 34 CFR §361.50(a), or reflect all of the transition-related revisions to the statutory requirements in the Act or the regulatory requirements in 34 CFR part 361.

During the on-site review, BRS communicated that it will be revising its promulgated rule and then written policies in the PPM to incorporate the changes made to the Act by the WIOA amendments, as well as the Federal VR regulations, which is a 12 to 18 month process. In the absence of rules and policies specific to the provision of pre-employment transition services, BRS communicated that it has issued electronic guidance to staff via e-mail and resource materials (e.g., a VR services pre-employment transition services consumer intake packet; a two-page description of pre-employment transition services for school personnel, students and families; VR brochures; a VR 101 training presentation that includes an overview of pre-employment transition services; contracts for the provision of pre-employment transition services by its employment service providers or CRPs; and Training Briefs covering topical areas other than pre-employment transition services).

RSA and BRS discussed using the examples of pre-employment transition services in the preamble to the final regulations (81 FR 55629, 55694 through– 55695, (August 19, 2016)) and language from Exhibit I – Scope of Work from its pre-employment transition services contracts as it amends the promulgated rule in 460 IAC 14, and develops written policies in BRS' PPM governing the nature and scope of pre-employment transition services and allowable “required” activities pursuant to section 113(b) of the Act and 34 CFR §361.48(a)(2).

RSA and BRS also discussed the need to develop a policy specific to the provision of pre-employment transition services for those students who are eligible or potentially eligible who are served through contracts with CRPs, agreements with LEAs, and directly by VR counselors to ensure that pre-employment transition services are provided Statewide to all students with disabilities.

In addition, RSA and BRS discussed changes to transition-related requirements as a result of the WIOA amendments to the Act, including the definitions of students and youth with disabilities in sections 7(37) and (42) of the Act and 34 CFR §§361.5(c)(51) and (58), respectively; group transition services available to students and youth who may not have applied for VR services under section 103(b) of the Act and 34 CFR §361.49(a)(7); and individualized transition services available to students and youth who have applied and been determined eligible for VR services under an approved IPE in accordance with section 103(a) of the Act and 34 CFR §361.48(b). Although group transition services benefit a group of individuals, RSA clarified that these services are not individualized services directly related to an IPE.

At the time of the on-site monitoring visit, BRS had not implemented group transition services, or revised 460 IAC 14 or its transition services policies in section 510 of the PPM to align with the requirements of the Act and its implementing VR regulations, to include the continuum of transition services available to students and youth (i.e. group and individualized transition services) or projected post-school outcomes. RSA clarified that extended evaluations for determining eligibility for VR services are no longer permitted by the Act and communicated that BRS will need to revise its promulgated rule and written policies to align with the requirements of the Act and the implementing VR regulations.

Reporting and Tracking Direct Provision of Pre-Employment Transition Services by BRS' VR Counselors

BRS VR counselors directly provide limited pre-employment transition services including job exploration counseling, counseling on opportunities for enrollment in comprehensive transition or postsecondary educational programs at institutions of higher education, and instruction in self-advocacy to those students who have applied for VR services. However, at the time of the on-site review, BRS was not tracking each student in receipt of pre-employment transition services directly provided by BRS' VR counselors.

While on-site, BRS management communicated that the nine VR counselors were assigned to Project SEARCH sites that provided job exploration counseling, workplace readiness training, work experiences, and instruction in self-advocacy to students with disabilities enrolled in educational programs in approximately 12 counties. BRS reported that its VR counselors only reported staff time for the hours staff directly provided pre-employment transition services to students who applied for VR services. As such, the number of students with disabilities (potentially eligible or eligible for VR services) receiving such services and the breakdown by service activity were not available for services provided directly by VR counselors at the time of the monitoring review.

RSA and BRS discussed the data elements tracked through BRS' vendor portal and required data that need to be tracked and reported for each student in receipt of pre-employment transition services who is potentially eligible or eligible for VR services in accordance with RSA PD-16-04 and the RSA Case Services Manual. Although BRS had not tracked the specific pre-employment transition service received by each student served by a VR counselor, it reported to RSA that

BRS estimates that the greatest number of hours of staff time is spent providing job exploration counseling. In addition, BRS assessed hours reported per pay period by VR counselors that ranged from 39.75 hours during the 12/17/2016 pay period to 150 hours during the 4/8/2017 pay period, with 184.5 hours being the largest number of hours spent by VR counselors providing pre-employment transition services during the 1/28/2017 pay period.

While providing technical assistance, RSA recommended that BRS assess and determine if BRS' vendor portal could be modified to include data elements for BRS staff-provided required activities, or an equivalent internal control, to permit the VR counselors and other BRS staff persons to accurately track their time spent providing the five required activities to each student in receipt of such services, so that BRS may accurately report reserve expenditure data on the RSA-911 Case Services Report for all students with disabilities in receipt of pre-employment transition services.

Contracting Pre-Employment Transition Services and Internal Controls

RSA clarified that pre-employment transition services are to be made available statewide to students with disabilities who are in need of such services who are eligible or potentially eligible for VR services, regardless of the mechanism (i.e., directly by BRS staff or through contracts with employment service providers) that the VR agencies uses to make the services available Statewide. RSA understands that BRS plans to make pre-employment transition services available Statewide to all students with disabilities after the second phase of implementing fee-for service contracts that will cover the remaining 40 counties in the State of Indiana. However, in the interim, such services must be made available through other mechanisms, such as VR counselors.

RSA communicated the importance of BRS maintaining its decision making authority related to the activities for which it is contracting with the employment service providers, including the identification of students in need of pre-employment transition services, and selection of necessary services for each student.

RSA clarified that if a service constitutes a pre-employment transition service, as described in section 113(b) through (d) of the Act or 34 CFR §361.48(a)(2) through (4), BRS may use funds reserved pursuant to section 110(d) of the Act and §361.65(a)(3) to pay for those costs.

Authorized Activities under Pre-Employment Transition Services

At the time of the on-site review, BRS reported that its efforts have been focused on making the five required activities under pre-employment transition services available to students with disabilities who are eligible or potentially eligible for VR services. As such, BRS had not begun to engage in authorized activities.

RSA and BRS reviewed the statutory and regulatory requirements related to the provision of the nine authorized activities described in section 113(c) of the Act and 34 CFR §361.48(a)(3) in which BRS can engage once it has determined that funds are available and remaining after the

necessary required activities have been provided to students with disabilities identified as needing such services.

RSA clarified that authorized activities may be provided to improve the transition of students with disabilities from school to postsecondary education or an employment outcome. The authorized activities must support the provision or arrangement of the required activities under section 113(b) of the Act and may be provided only if funds reserved under section 110(d)(1) of the Act remain after the provision of required activities described in section 113(b) of the Act.

RSA further clarified that authorized activities may be provided concurrently with required activities and pre-employment transition coordination activities so long as funds reserved for the provision of pre-employment transition services under section 110(d)(1) of the Act remain beyond the targeted amount necessary for the required activities as identified in the comprehensive statewide needs assessment, fiscal forecasting, or other planning activities.

Pre-Employment Transition Coordination Activities

BRS' VR counselors who are assigned as liaisons to LEAs provide consultation and technical assistance to LEAs in the planning for the transition of students from school to post-school activities. BRS' VR counselors also attend IEP, and transition planning meetings when invited, to provide information and resources related to the opportunities and pre-employment transition services available through the VR program.

Although BRS' VR counselors were participating in pre-employment transition coordination activities described in section 113(d) of the Act and 34 CFR §361.48(a)(4), BRS was not using funds reserved to provide pre-employment transition services to carry out any of the responsibilities described under pre-employment transition coordination activities in section 113(d) of the Act and 34 CFR §361.48(a)(4) at the time of the on-site review.

RSA clarified that pre-employment transition coordination activities are necessary for the provision of required activities to students with disabilities. As such, BRS may use funds reserved to provide pre-employment transition services to carry out any of the responsibilities described under pre-employment transition coordination activities in section 113(d) of the Act and 34 CFR §361.48(a)(4).

Additional Technical Assistance

RSA clarified that:

- Third-party cooperative arrangements and other contracts can be used to provide pre-employment transition services to students with disabilities who are potentially eligible for VR services (non-applicants), as recipients of VR services, or applicants of VR services.
- The method an agency uses to provide pre-employment transition services to non-applicants and applicants may differ (e.g., direct services by a VR counselor, third-party

cooperative arrangement with a LEA, or contract with a CRP, including fee-for-service or performance-based), so long as the State makes the “required” activities available to both non-applicants and applicants Statewide, even if through different agreements.

- VR agencies are not to use required activities under pre-employment transition services as assessment services for the purpose of determining whether additional VR services are needed, or if the individual will be successful in employment in accordance with the guidance in the preamble to the final VR regulations in 81 FR 55629, 55695, (August 19, 2016). As such, assessments other than interest inventories are not to be included in descriptions of pre-employment transition services required activities. Section 4: Focus Area – State Supported Employment Services Program

A. Nature and Scope

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

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

The changes to the Supported Employment program made in the Act covered in this focus area included:

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

- The reduction of the amount of funds that may be spent on administrative costs (section 606(b)(7)(H) of the Act and 34 CFR §363.51).

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

- VR agency policies and procedures related to the provision of supported employment and extended services;
- Cooperative agreements with supported employment vendors and associated CRPs;
- Supported employment assurances 5, 6, and 7 and descriptions e, j.1.A, k.2.B, 1.2, n, o, p, and q and any additional information from the VR services portion of the most recently approved Unified or Combined State Plan; and
- Performance data related to the number and percentage of individuals with the most significant disabilities receiving supported employment services and achieving supported employment outcomes.

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

- The VR agency director and other senior managers;
- BRS' VR counselors; and
- Supported employment vendors and associated CRPs.

B. Overview

BRS purchases supported employment services for individuals with the most significant disabilities (MSD), with the funds received under section 603 of the Act.

Indiana's BRS provides supported employment services through approximately 87 CRPs or employment services providers, including Community Mental Health Centers (CMHCs) and other service providers that have contracts with BRS. Supported employment services are provided from the time of job placement through achievement of stabilization and retention of employment (90 days after stabilization). Supported employment services include but are not limited to job coaching services and the development of natural supports. The goal of supported employment services is to ensure job stabilization after a period of fading or decreasing necessary supports.

BRS has developed partnerships at a local level with the Division of Mental Health and Addiction's (DMHA), the State agency that funds CMHCs. BRS has implemented a training contract through which it provides training and consultation to all employment services providers, including CHMC and VR staff regarding employment for individuals with psychosocial or psychological disabilities. The large majority of CHMCs across the state have employment service agreements with VR for the provision of job placement services, including

supported employment services. An Employment Support and Retention Plan is developed by CRPs to document how individual needs will be addressed and services provided.

BRS works collaboratively with the Bureau of Developmental Disability Services (BDDS), also within the DDRS, to provide individuals with developmental disabilities with supported employment services and seamless transition to extended services. Additionally, BRS and BDDS field offices are co-located, allowing for increased collaboration, communication and coordination to serve mutual consumers. This also permits BRS and BDDS to conduct joint training for staff to increase staff understanding of the programming and services available under both programs to ensure a smooth transition to extended services as appropriate upon exit from BRS.

For individuals pursuing supported employment services, extended services are identified as early as possible with the BRS counselor and CRP staff working together to secure necessary resources. However, employment services may begin regardless of whether an identified funding source for extended services has been provided, with supported employment services beginning after job placement. During the on-site review, BRS reported that VR counselors submit transfer documentation at the time of job placement to ensure that extended services are in place prior to BRS reporting a supported employment outcome, as appropriate. For consumers with developmental disabilities who qualify for services under BDDS, BRS works collaboratively with BDDS to provide supported employment services and a seamless transition to extended services.

BRS reported to RSA that it will be collaborating with agencies that currently fund extended services, including BDDS and DMHA, and other agencies as applicable, to identify extended services and resources available. To facilitate collaboration, BRS' director meets monthly with the BDDS director, including the coordination of extended services. BRS anticipates that VR funding for extended services for youth between the ages of 14 to 24 with the most significant disabilities will be available to consumers who require extended services to maintain competitive integrated employment, and are not eligible for funding through another State agency. This will likely include individuals with traumatic brain injury, severe mental illness, developmental disabilities, and other disabilities, as applicable.

In July 2015, BRS implemented a new employment service model and a Manual of Employment Services that increased access to individualized supported employment services to ensure that individuals with the most significant disabilities received the supports necessary to achieve job stabilization prior to transferring to extended services, as appropriate.

At the time of the review, BRS reported it provided training on the new employment services model and manual to CRP staff with a focus on development of natural supports; job readiness training techniques; customized employment; and appropriate fading of supports. BRS reported it has developed strategies for improvement of CRPs to ensure capacity to carry out increased expectations under the new employment services model.

BRS continues to partner with schools to provide appropriate outreach and education to students and youth with disabilities who may need supported employment. BRS is working with BDDS, schools, families, and CRPs to create a coordinated process for the provision of supported employment services to assist individuals with the most significant disabilities, especially youth with disabilities who are considering subminimum wage employment or may need extended services. While on-site, BRS communicated that individuals must be employed in a community-based competitive employment that pays at or above minimum wage in order to access this service. At the time of the on-site review, the IAC had not been amended to align with the Act or the final VR regulations in 34 CFR part 363. Specifically, 460 IAC 14-3-1 (35), (73) and (74) must be revised to ensure the definitions of extended services, supported employment and supported employment services, respectively meet the statutory and regulatory requirements. Additionally, 460 IAC 14-14-1 only includes the provision of supported employment services in accordance with 34 CFR §363.1. As such, 460 IAC 14, rules 1-25 and BRS' PPM 551 Supported Employment Services Manual (last updated November 1, 2006) will need to be revised in accordance with the Act. While on-site, BRS discussed revisions to its Employment Services Manual (ESM), version 5.0 which was in draft at the time of the review. BRS included in the manual definitions such as competitive integrated employment, customized employment, and extended services.

C. Analysis of Performance and Observations

RSA's review and analysis of the performance of BRS in this focus area resulted in the following observations. Recommendations to the observations are in section D of this focus area.

4.1 Supported Employment Outcomes

Observation: Although BRS assisted a greater percentage of individuals who achieved supported employment and whose service records were closed in FFY 2016, when compared to combined agencies, the number and percent of individuals who achieved a supported employment outcome and whose service records were closed decreased from FFY 2015 to FFY 2016.

- The number of individuals who achieved supported employment and whose service records were closed decreased from 1,012 individuals or 24.66 percent in FFY 2015, to 640 individuals or 17.05 percent in FFY 2016, compared to the national performance of 11.67 percent for combined agencies in FFY 2016.
- Similarly, the number of individuals under the age of 25 who achieved supported employment and whose service records were closed decreased from 467 individuals or 43.85 percent in FFY 2015, to 308 individuals or 34.53 percent in FFY 2016, compared to the national performance of 13.29 percent for combined agencies.
- While BRS' performance is greater than that of other combined agencies, its own performance declined from FFY 2015 to FFY 2016. BRS reported that it anticipated the decline in performance due to the implementation of the Manual of Employment Services and its focus on quality competitive outcomes.

4.2 VR and Supported Employment Services

Observation: From FFY 2014 to FFY 2016, the overall number and percentage of individuals who received assessment, job search and placement services, and on-the-job supports (supported employment) declined, while the number and percentage of individuals who received short term on-the-job-supports, transportation, and maintenance services increased for individuals who achieved supported employment and whose service records were closed.

- From FFY 2015 to FFY 2016, the number of individuals who achieved supported employment and whose cases were closed decreased from 1,012 to 640 individuals.
- During the three year period, the number and percentage of individuals who received assessment services and achieved supported employment decreased from 932 individuals or 95.70 percent in FFY 2014, to 594 individuals or 92.80 percent in FFY 2016, compared to the national performance of 61.90 percent for combined agencies in FFY 2016; job search assistance for individuals who achieved supported employment decreased from 904 individuals or 92.80 percent in FFY 2014, to 311 individuals or 48.60 percent in FFY 2016, compared to the national performance of 49.30 percent in FFY 2016 for combined agencies; and job placement assistance for those who achieved supported employment decreased from 903 individuals or 92.70 percent in FFY 2014, to 541 individuals or 84.50 percent in FFY 2016, compared to the national performance of 45.10 percent for combined agencies in FFY 2016.
- From FFY 2015 to FFY 2016, the number and percentage of individuals who received on-the-job supports (supported employment) and achieved supported employment decreased from 975 individuals or 96.30 percent to 437 individuals or 68.30 percent, compared to the national performance of 70.50 percent for combined agencies in FFY 2016.
- From FFY 2015 to FFY 2016, there was a significant increase in the number and percentage of individuals who received short-term on-the-job supports and achieved supported employment from 49 individuals or 4.80 percent to 336 individuals or 52.50 percent, compared to the national performance of 30.10 percent for combined agencies in FFY 2016.
- There was a significant increase in the overall number and percentage of individuals who received maintenance services and achieved supported employment from 17 individuals or 1.70 percent in FFY 2014, compared to 264 individuals or 41.30 percent in FFY 2016, compared to the national performance of 24 percent for combined agencies in FFY 2016. Although the number and percentage of individuals who received transportation services and achieved supported employment fluctuated from FFY 2014 to FFY 2016, the percentage of individuals that received transportation services in FFY 2016 (45.90 percent) was greater than the national performance of 28.60 percent for combined agencies in FFY 2016. Similarly, for individuals under the age of 25 at exit who achieved supported employment and whose cases were closed, the overall number and percentage of individuals who received assessment, job search assistance, job placement assistance, and on-the-job-supports (supported employment) decreased from FFY 2014 to FFY

2016, while the overall number and percentage of individuals who received short-term on-the-job supports, maintenance, and transportation services increased during the same period.

- During the on-site review, BRS' VR counselors reported that supported employment services are typically provided through agreements with CRPs that meet specific criteria established by BRS. These supported employment services typically include vocational assessment; job skills training at the work site; job search, development, and placement services; job coaching services; social skills training and the facilitation of natural supports at the work site.
- Although section 551.03 of the PPM includes job development and placement services in jobs with intensive supports for individuals with the most significant disabilities as supported employment services available under the VR program, the Indiana VR Services Manual of Employment Services (version 4.0), effective September 2016, and the draft version 5.0, clarifies that "SE services involve ongoing support services and other appropriate services needed to support and maintain an individual with a MSD in SE for a period of time generally not to exceed 24 months." BRS also clarified that supported employment funding is to be used for supported employment services from placement to retention.
- While on-site, RSA clarified that supported employment services begin after job placement and do not include VR services such as job search, development, or placement services. Supported employment services are based on a determination of the needs of an eligible individual, as specified in an IPE. BRS clarified that job search, development, and placement services were provided using funds from title I of the Act prior to the provision of supported employment services.

4.3 The Quality of BRS' Supported Employment Outcomes

Observation: The median earnings of individuals who achieved supported employment in competitive integrated employment increased during the three-year period, but remained slightly lower than the national performance for combined agencies. Competitive supported employment outcomes with employer provided insurance was higher than the national performance for combined agencies in FFY 2016.

- From FFY 2014 to FFY 2016, the average wages earned per hour for supported employment outcomes increased from \$8.21 to \$8.87 for all individuals who achieved supported employment, compared to the national performance of \$9.07 per hour for combined agencies in FFY 2016.
- During the same period, the average hourly wage increased for individuals under 25 years of age at exit who achieved supported employment from \$8.07 per hour in FFY 2014 to \$8.76 per hour in FFY 2016.
- Although the number of hours worked per week fluctuated from FFY 2014 to FFY 2016, the number of hours worked by individuals who achieved supported employment in FFY 2016 (20.97) were less than the national performance of 22.23 for combined agencies,

and the average hours worked per week by individuals under the age of 25 at exit who achieved supported employment in FFY 2016 (21.09 hours) was slightly less than the national performance of 21.92 for combined agencies.

- The percentage of all individuals who achieved supported employment and whose cases were closed (6.88 percent) and individuals under the age of 25 at exit who achieved supported employment and whose cases were closed (8.12 percent) who achieved competitive supported employment and employer-provided medical insurance was greater than the national performance (3.49 percent and 5.42 percent, respectively) for combined agencies in FFY 2016.

D. Recommendations

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

4.1 Supported Employment Outcomes

- 4.1.1 Consider an evaluation to identify the reasons for the decrease in supported employment outcomes. Based on the analysis of data, develop goals and strategies to increase supported employment outcomes.

4.2 VR and Supported Employment Services

- 4.2.1 Review the services provided or arranged for under supported employment services and provide clarification and training to staff specific to allowable supported employment services, as such services do not include job search, development or placement services; and
- 4.2.2 Assess the decrease in on-the-job supports (supported employment) and the increase in short-term on-the-job supports, maintenance, and transportation services to determine whether the necessary supports and services are being provided to individuals in need of supported employment services.

4.3 The Quality of BRS' Supported Employment Outcomes

- 4.3.1 Develop measurable goals and strategies to improve the quality of the employment outcomes achieved by individuals with disabilities, including the performance hourly wage earned and hours worked per week.

E. Findings and Corrective Actions to Improve Performance

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

F. Technical Assistance

While on-site, RSA provided technical assistance related to the significant changes to the Supported Employment program resulting from the WIOA amendments to the Act. RSA and BRS reviewed the IAC and PPM, as well as additional BRS policies and procedures related to the provision of supported employment, to determine the policy revisions necessary to address the new requirements under the Act. RSA and BRS discussed requirements specific to the Supported Employment program to ensure that BRS' supported employment policies and procedures incorporate and implement all new requirements under the Act. During the course of monitoring activities, RSA provided technical assistance to BRS as described below.

- RSA provided technical assistance related to the revised definition of “supported employment services” consistent with section 7(39) of the Act and 34 CFR §361.5(c) (54), including the extension of the allowable timeframe for the provision of these services from 18 months to 24 months. RSA clarified that this timeframe may be extended under special circumstances if the individual and VR counselor jointly agree to extend it in order to achieve the employment outcome identified in the IPE.
- RSA provided technical assistance to BRS regarding the issuance of a PD and agency “Training Briefs” in the interim of IAC amendments, revisions to the PPM and ESM version 5.0, development of procedures for tracking individuals working toward competitive wages in supported employment on a short-term basis, and revisions to its supported employment contracts to incorporate competitive integrated employment and the use of the short-term basis period into the provision of supported employment services.
- RSA clarified that despite the payment of competitive wages, employment in a non-integrated work setting does not meet the requirement under the Act for an employment outcome in supported employment.
- RSA clarified extended services requirements in sections 7(42) and 604(b)(2) of the Act. RSA also clarified that once an individual reaches the age of 25, he or she no longer meets the definition of a “youth with a disability” pursuant to 34 CFR §361.5(c)(58) and is no longer eligible to receive extended services from the VR agency.
- RSA clarified that BRS may not provide extended services to a youth with the most significant disabilities who has not received services from BRS through an IPE simply because he or she meets the definition of a “youth with a disability,” and is in need of extended services. RSA further clarified that in order to be eligible for supported employment services, including extended services, a youth must meet the requirements of section 605 of the Act and 34 CFR §363.3, which include being determined eligible for VR services.
- RSA provided clarification as to when the service record of an individual who has achieved a supported employment outcome may be closed in accordance with title VI of

the Act and 34 CFR §363.55, as well as the requirements under title I of the Act and 34 CFR §361.56.

BRS did not express any further training and/or technical assistance needs regarding the Supported Employment program.

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

A. Nature and Scope

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

General administrative requirements refer to:

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

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

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

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

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

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

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

Prior to conducting the review, RSA provided BRS with a documentation request that included a list of the documentation that the agency needed to provide prior to the start of the review in a manner that enabled RSA to analyze the documents prior to the on-site visit.

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

B. Overview

During the on-site review, BRS staff described three systems the agency uses to authorize, account and pay for services to VR and Supported Employment consumers. These three systems are Iris, Claims Management System, and PeopleSoft. BRS is currently in the process of developing a new authorization and payment system called the VR Claims Payment System,

which it expects to take 6-8 months for implementation. The claims payment system will be used for VR client service payments only.

In the administration of client services, VR field staff issue authorizations to vendors. These authorizations, as well as Employment Service Provider Agreements, identify the services that the vendor is authorized to provide. Staff determine reasonableness and adequacy of the payment amount at time of invoice, with the option to generate supplements as needed. The process includes internal controls to check funding availability and whether service dates fall within appropriate ranges. Payments can be made for a partial or the full amount, and may span three months of service, but can be billed monthly. Service invoices go through an internal process whereby counselors approve payments. Once approved, the invoices are printed in batches through PeopleSoft (which is in the process of changing to the VR Claims Payment System) and then, go through a secondary approval process. Once cleared, State procurement law subjects each claim to a 35-day hold before being paid. Vendors have 60 days to bill VR for services; however, BRS staff reported that the agency does not enforce this timeline.

To meet the required non-Federal share (match) requirement, BRS charges staff payroll to the State, then reconciles match in the fourth quarter. The VR Director monitors agency expenditures and determines when agency staff are to stop drawing down Federal funds from one Federal fiscal year (FFY) award and begin assigning obligations and expenditures to the subsequent FFY award.

While contracts are budgeted on a State fiscal year (SFY), BRS makes adjustments to accommodate the required FFY timeframe. BRS staff noted that authorizations for ongoing services can be written to cover a period of 6-8 months, and that some invoices are paid years after services are obligated. BRS also noted that VR counselors are permitted to backdate authorizations. BRS staff indicated that supervisors must approve VR counselor authorizations when expenses exceed “edit” limits, as identified in an IRIS report that generates a list of thresholds for each service. Authorized amounts for services that exceed the threshold for a specific service require supervisory approval. Additionally, BRS staff explained that supervisors are required to review 1 in 50 client service claims, of which there are some fifty to sixty thousand claims per year agency-wide.

BRS is identifying strategies to increase non-Federal share (match) funding for VR services in order to increase the amount of Federal funds available to the program.

According to the data reported in table 6.1, BRS fell short of matching its Federal formula award during FFYs 2014 through 2016. For each of these years, BRS relinquished Federal funds during the reallocation period, ranging from a high of \$15,500,000 in FFY 2015 to a low of \$14,500,000 in FFYs 2014 and 2016, decreasing its net Federal resources significantly in each FFY.

In Table 6.2, BRS identified the percentage of BRS’s non-Federal share used for match that was appropriated to the agency by the State of Indiana as \$13,334,505 in 2014 and \$14,549,709 in 2015. Data for FFY 2016 is not final as the final SF-425 report is not due until December 30,

2017. Table 6.2 data also indicates that the percentage of Federal funds matched increased from 82.48 percent in FFY 2014, to 93.52 percent in FFY 2015, and then to 96.47 percent in FFY 2016. The table also indicates that BRS had a MOE penalty in FFY 2014 of \$1,785,923, with no MOE penalty in either FFYs 2015 or 2016..

Program income received has fluctuated from a high in FFY 2016 of \$4,547,561 to a low in FFY 2015 of \$2,458,573. Program income was used primarily in the VR program in FFYs 2014 and 2016, but in FFY 2015, more was transferred than was used for VR. BRS's carryover as a percent of its award was around 11 percent in FFYs 2014 and 2015, but dropped to 4.03 percent in FFY 2016.

BRS reported a relatively constant amount of total expenditures during FFYs 2014 - 2016 (table 6.4). Administration as a percentage of expenditures increased somewhat each year from a low in FFY 2014 of 16.65 percent to a high in FFY 2016 of 17.95 percent. Services to groups spiked upwards by about 0.7 percent in FFY 2015, but returned to within 0.1 percent of its FFY 2014 reported amount in FFY 2016.

C. Analysis of Performance and Observations

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

D. Findings and Corrective Actions to Improve Performance

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

5.1 Assignment of Obligations and Expenditures to the Correct Federal Award

Issue: Does BRS assign obligations and expenditures to the correct Federal award in accordance with 34 CFR §361.12, 2 CFR §200.302, and 34 CFR §76.702. This area of review is included on pages 52 and 53 of the MTAG.

Requirements: Each grant award has a defined period of performance which represents the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award (2 CFR §200.77). A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (2 CFR §200.309). Grantees must implement internal controls necessary to ensure obligations and expenditures for a Federal award are assigned, accounted for, recorded, and reported within the applicable period of performance for that Federal award. The proper assignment of Federal and non-Federal funds to the correct period of performance is necessary for BRS to correctly account for VR funds and for RSA to ensure the agency has met its match (34 CFR §361.60), maintenance of effort (MOE) (34

CFR §361.62), and pre-employment transition service reservation and expenditure of funds requirements (34 CFR §361.65(a)(3)). The Supported Employment requirements include match (section 606 of the Act) and the reservation and expenditure of funds for the provision of supported employment services, including extended services, to youth with the most significant disabilities (section 603 of the Act).

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

An obligation means "orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period" (2 CFR §200.71). For expenditures to be allowable under the Federal award, agencies must demonstrate that the obligation occurred within the period of performance of the Federal award. Regulations at 34 CFR §76.707 provide a list of transactions that indicates when an obligation is incurred. Expenditures for payment of an obligation must be charged to a Federal award with a period of performance that includes the date the obligation was made (2 CFR §200.71).

Analysis: RSA reviewed the agency's policies and procedures regarding the assignment of Federal and non-Federal obligations and expenditures to the correct Federal award, including documentation of obligations and expenditures, to ensure BRS was correctly assigning and tracking obligations and expenditures in accordance with Federal requirements. BRS uses the date on which a service is authorized as the date of obligation.

Since BRS permits VR counselors to backdate authorizations, counselors can assign services received during a prior month to the wrong FFY. A-133 audit finding 2015-025, Period of performance, includes examples of costs BRS assigned to the wrong FFY originating from the practice of counselors backdating authorizations. BRS staff noted that authorizations can be written for services over a six to eight month period, and that some invoices are paid years after services are encumbered. In some instances, when receiving a late invoice from a provider, VR counselors will cancel a previously issued authorization and reissue another one. Because BRS considers the date of the authorization as the date of the encumbrance, there are instances where the date of service was prior to the start of the FFY to which the encumbrance was assigned.

BRS' FFY 2016 A-133 audit report identified the same issue as a repeat finding (2016-025). The auditors noted that BRS had "not established an effective internal control system related to the grant agreement and the Period of Performance compliance requirement. Additionally, we identified transactions charged to the grant in which the obligation was outside the period of performance." RSA staff confirmed the A-133 audit findings during the onsite visit.

Conclusion: Based upon the information above, BRS is not in compliance with the Federal requirements (34 CFR §361.12, 34 CFR §76.702, and 2 CFR §200.302) to ensure obligations and expenditures are assigned to the correct Federal award for both the VR and Supported Employment programs. Additionally, RSA found that BRS did not have sufficient internal controls to ensure that reclassified expenditures were assigned to the correct FFYs and all obligations were correctly recorded in the agency's accounting system and reported on Federal Financial Reports (SF-425).

As a recipient of Federal VR and Supported Employment funds, BRS must have procedures in place that ensure proper and efficient administration of its VR program. The methods of administration must ensure accurate data collection and financial accountability (34 CFR §361.12 and 2 CFR §200.302).

Corrective Action Steps:

RSA requires that BRS:

- 5.1.1 Develop and implement written policies/procedures to ensure that all obligations (e.g., authorizations) are charged to the correct FFY. This documentation must detail the agency's internal control process, consistent with any State requirements, for ensuring the proper assignment of backdated authorizations to the correct FFY.
- 5.1.2 Pursuant to Audit Finding 2016-027 – Period of Performance, BRS must:
 - a) Review all FFY 2016 VR expenditures at the end of the FFY 2016 period of performance to identify all expenditures assigned to the grant for services that were provided outside of the period of performance (in addition to the 14 identified in the auditor's finding), and;
 - b) Make accounting adjustments to reassign all misassigned expenditures to the correct FFY award by December 31, 2017.
 - c) Request access to the RSA-MIS reporting system to update SF-425 Federal Financial Reports (and other reports, as necessary) based on accounting adjustments made as the result of this corrective action step.

5.2 Underreporting of Program Income

Issue: Does BRS account for and report Federal program income (program income) in accordance with Federal requirements. This area of review is included on page 52 of the MTAG.

Requirements: Regulations at 34 CFR §361.63 identify payments received by the State agency from insurers, consumers, or others for services to defray part or all of the costs of services

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

The Office of Management and Budget (OMB) requires that grantees use the Federal Financial Report (SF-425) to report financial data for grant awards. RSA instructions for completing the form are detailed in Policy Directive (PD) RSA-PD-15-05, and require an accurate account of program income received and expended. RSA uses the SF-425 data to monitor the financial status of the VR program and to assess grantee compliance with the fiscal requirements.

Analysis: BRS does not account for or report payments made to the agency from consumers, insurance reimbursements, refunds or rebates as program income. By not accounting for consumer payments, insurance reimbursements, etc., as program income, BRS has been underreporting the amount of program income received and expended by the agency on its SF-425 reports.

Conclusion: BRS is not in compliance with 34 CFR §361.63 which requires payments received from workers' compensation funds and payments received by the State agency from insurers, consumers, or others for services to defray part or all of the costs of services provided to particular individuals to be counted as program income. As a result, BRS has also underreported the amount of program income received and expended on its SF-425 reports.

Corrective Action Steps:

RSA requires that BRS:

- 5.2.1 Develop and implement written policies/procedures to ensure the proper accounting and reporting of all sources of program income; and
- 5.2.2 Revise its FFY 2017 SF-425 to reflect the appropriate accounting of program income and ensure program income is reported correctly on future SF-425 submissions.

5.3 Unallowable Use of Funds - Loans

Issue: Does BRS ensure that only allowable costs are charged to the Federal award in accordance with 2 CFR §200.309.

Requirements: Regulations at 34 CFR §361.3 limit authorized activities under the VR program to VR services and administrative costs under the State Plan. The Uniform Guidance at 2 CFR §200.309 states that "a non-Federal entity may charge to the Federal award only allowable

costs...” To be allowable, the cost must be necessary and reasonable for the performance of the Federal award (2 CFR §200.403(a). The Uniform Guidance in 2 CFR §200.302(5) requires that non-Federal entities exert effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and ensure they are used solely for authorized purposes.

Analysis: BRS has established an allowable maximum reimbursement amount for hearing aids provided to VR consumers. However, BRS will pay audiology providers in excess of the maximum reimbursement rate if a consumer desires a more advanced hearing aid. BRS then expects the consumer to reimburse BRS for the amount paid that exceeds the maximum rate of reimbursement.

When RSA requested supporting documentation regarding the outstanding loan amounts, RSA was informed that BRS:

- did not require consumers to sign an agreement regarding the costs they were supposed to repay;
- could not identify the consumers associated with the loans or the outstanding balances;
- expected counselors to follow-up regarding consumers that owed money to the agency; however, there were no internal controls, policies or procedures for ensuring such follow-up was completed.

The payments for the amounts in excess of the allowable cost of the hearing aid services represent "loans" to the consumer and are an unallowable use of VR funds.

Conclusion: Payments to providers in excess of the maximum reimbursement rate are not allowable VR services. Therefore, such costs are not necessary and reasonable for the performance of the Federal award as required by 2 CFR §200.403(a). The amount of payments in excess of the maximum allowable reimbursement represents questioned VR program costs.

Corrective Action Steps:

RSA requires that BRS:

- 5.3.1 Immediately cease using VR funds to pay for consumer costs that exceed the agency's maximum allowable payment amount;
- 5.3.2 Develop and implement written internal controls to ensure that only allowable costs are charged to the VR award; and
- 5.3.3 Report the amount of hearing aid expenditures paid during FFYs 2015, 2016, and 2017 that exceeded the agency's maximum payment amount and the amount reimbursed by consumers. This amount must be reported to RSA within 45 days after the issuance of the final monitoring report.

5.4 Prior Approval Not Obtained

Issue: Does BRS obtain prior written approval from RSA before purchasing items requiring prior approval. This area of review is included on page 53 of the MTAG.

Requirements: The Uniform Guidance at 2 CFR §200.407 includes a list of specific circumstances for which prior approval from the Federal awarding agency in advance of the occurrence is either required for allowability or recommended in order to avoid subsequent disallowance or dispute based on the unreasonableness or non-allocability. For example, 2 CFR §200.439(b)(1) states that capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding or pass through entity. The Uniform Guidance at 2 CFR §200.62(a) and 2 CFR §200.303(a) also requires that the agency have a process, and establish and maintain effective internal control over the Federal award, which provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

On November 2, 2015, the Department of Education adopted the final regulations found in 2 CFR §200 (Federal Register notice 80 FR 67261). The Department issued notifications to grantees regarding the new requirements and made training and technical assistance documents available to grantees to assist in implementation of the new requirements. To ensure that RSA grantees were aware of the applicability of the prior approval requirements, RSA included a special clause on grant award notifications for FFY 2015 awards necessitating implementation of these requirements in FFY 2016. The special clause stated, in pertinent part, “that the prior approval requirements listed in the Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance) (2 CFR part 200) are applicable to this award. Grantees are responsible for ensuring that prior approval, when required, is obtained prior to incurring the expenditure. Grantees should pay particular attention to the prior approval requirements listed in the Cost Principles (2 CFR §200 subpart E).” In addition, information regarding the requirements in 2 CFR §200 was communicated to grantees via RSA’s listserv on September 23, 2015.

Analysis: RSA Financial Management Specialists requested the agency’s written processes that ensure the agency was meeting the prior approval requirements. The agency informed RSA that no such processes had been developed. To determine whether the lack of processes resulted in noncompliance with the prior approval requirements, RSA reviewed the supporting documentation for recent equipment purchases directly charged to the VR award. RSA found several instances where equipment purchases, which exceeded \$500.00—the State’s threshold for classification of equipment, were charged directly to the award without prior approval. The agency requires VR consumers to sign a statement, upon receipt of VR purchased equipment, clarifying the equipment remains the property of the VR agency until the consumer achieves a successful outcome. As such, the agency retains title to the equipment and must request prior approval before directly charging such expenditures.

Conclusion: Based on the analysis, RSA has determined that BRS is not in compliance with the prior approval requirements pursuant to the Uniform Guidance (2 CFR §200.407).

Corrective Action Step:

RSA requires that BRS:

- 5.4.1 Develop and implement a written internal control process, including a monitoring component, to ensure ongoing compliance with prior approval requirements.

5.5 Internal Control Deficiencies

Issue: Does BRS maintain effective internal control over the Federal award to provide reasonable assurance that BRS is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award. This area of review is included on pages 52 and 53 of the MTAG.

Requirement: A State VR agency must assure, in the VR services portion of the Unified or Combined State Plan, that it will employ methods of administration that ensure the proper and efficient administration of the VR program. These methods of administration (i.e., the agency’s internal controls) must include procedures to ensure accurate data collection and financial accountability (34 CFR §361.12).

“Internal controls” means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of reporting for internal and external use; and
- Compliance with applicable laws and regulations (2 CFR §200.61).

Additionally, 2 CFR §200.303, among other things, requires a non-Federal entity to:

- Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
- Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards;
- Evaluate and monitor the non-Federal entity’s compliance with statute, regulations and the terms and conditions of Federal awards; and

- Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

In accordance with the Uniform Guidance (2 CFR §200.302(a)), a State’s financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the award, must be sufficient to permit the:

- Preparation of reports required by general and program specific terms and conditions; and
- Tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

In its guidance “The Role of Internal Control, Documenting Internal Control, and Determining Allowability & Use of Funds,” the U.S. Department of Education (Department) made clear to grantees that internal controls represent those processes by which an organization assures operational objectives are achieved efficiently, effectively, and with reliable, compliant reporting.

Therefore, an internal control deficiency would exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or correct processes that might lead to non-compliance with Federal and State requirements.

Analysis: RSA found several areas of concern that fall within the internal control focus area. These concerns are identified below.

A. Procurement

- 1. No Policy Governing Rates of Payment for Services** – During on-site discussions with BRS management and review of the agency’s policy manual, RSA found that the agency does not have a written policy that governs the rate-setting methodology BRS uses to assign costs for purchased VR services. While BRS was able to generate a fee schedule from its IRIS system that identified a list of services with cost thresholds for each service, the agency was unable to provide documentation that identifies how those rates were determined, whether and under what circumstances the agency will make exceptions to those rates, the frequency with which those rates are reviewed and updated, or the manner in which the agency will go about setting rates in the future. Additionally, BRS produced no written guidance concerning the appropriate use of the various services listed in its IRIS-generated schedule of fees, such as guidelines for when it is appropriate for a counselor to authorize “other surgery and medical treatment” or any of the other services listed.

RSA reviewed a two-page document titled Attachment B: Fiscal Internal Controls for VR Client Services. In this document, BRS identified steps taken “prior to claim time” including instructions on how to handle items “that cost over \$600 that do not have a set fee schedule (wheelchairs for example)”—however, “wheelchair purchase”

is explicitly listed in the schedule of fees directly below this set of instructions. Furthermore, the document includes instructions that Medicare rate waiver approvals, when necessary, are required at the time a claim voucher is received for a service that has already been authorized through the system. This is necessary because by the time a vendor submits a claim the service has already been authorized and, most likely, provided. As an internal control policy, this document does little to prevent or correct processes that might lead to non-compliance with Federal and State requirements.

While BRS does not have a policy governing rates of payment for fee-for-service costs, BRS staff noted that the provision of direct services by staff at all 87 CRPs in the State, including the 47 CRPs who have an establishment project contract, are paid at standard rates as outlined in the VR Manual of Employment Services.

Federal regulations require BRS to establish procedures that enable it to administer the VR program in an efficient manner that ensures it can carry out all functions properly (34 CFR §361.12). Furthermore, 2 CFR § 200.303(b) requires BRS to have internal controls that ensure the agency complies with Federal requirements. BRS also must establish and maintain written policies that govern the rates of payment for all purchased VR services (34 CFR §361.50(c)(1)). The Federal cost principles require that costs be allowable, reasonable, and allocable to the program (2 CFR §§200.403 through 200.405). To be allocable to a program, the cost must be relative to the benefit received (2 CFR §200.405(a)). Because BRS does not have written policies that govern the rate-setting methodology BRS uses to assign costs for purchased VR services, and, further, has no clear guidelines for staff to follow in determining when to authorize certain services, BRS cannot ensure that all expenditures incurred for the provision of purchased VR services are allowable, reasonable, and allocable to the VR program. As such, BRS cannot assure that it is administering the VR program in a proper and efficient manner and ensuring financial accountability. For these reasons, BRS has not complied with the internal control requirements set forth at 34 CFR §361.12 and 2 CFR §200.303(b).

2. No Vendor Agreements – The Uniform Guidance at 2 CFR §200.317 requires a State to follow, when procuring goods and services with Federal funds, the same policies and procedures that it would when procuring goods and services with State funds. BRS’ FFY 2016 A-133 audit contains a finding regarding the lack of vendor agreements for providers of VR services (Finding 2016-029). The audit noted that:

Vendors that provide client services, such as employment services or non-employment services, were not procured through the proper State’s procurement process. Vocational Rehabilitation staff were not able to provide documentation to support the deviation from the approved process. Additionally, due to the deviation from the State’s procurement process, vocational rehabilitation staff had not ensured that client service vendors were not suspended or debarred prior to entering into the covered transaction.

While on-site, RSA reviewed BRS' procurement process in an effort to follow up on the FY 2016 A-133 audit finding just described. In its review, RSA fiscal staff found that except in the case of its 87 vendors that provide employment services, the vendors BRS uses did not have vendor agreements, which confirmed the auditor's finding. Therefore, BRS is not in compliance with 2 CFR §200.317. As a result, BRS' internal controls could not ensure that the agency was administering the VR program in a proper and efficient manner, including ensuring financial accountability, as required by 34 CFR §361.12. Furthermore, BRS' internal controls did not ensure compliance with Federal requirements, as required by 2 CFR §200.303(b).

- 3. Equipment Property Standards Not Implemented** – The Uniform Guidance at 2 CFR §200.317 requires a State to follow, when procuring goods and services with Federal funds, the same policies and procedures that it would when procuring goods and services with State funds. When purchasing equipment for consumers, BRS requires consumers to sign an agreement that states the equipment is the property of the State until the consumer achieves a successful outcome. During the time that the equipment is owned by the State, BRS does not follow the States requirements to track and inventory the equipment. Section 6, Physical Inventories, of the State of Indiana Capital Asset Policy (July 1, 2009) states: “an annual physical inventory is to be performed annually by each business unit and compared to the business unit's listing of assets from ENCOMPASS” (which is the State's asset management module). The policy notes that evidence documenting that a physical inventory was performed should be maintained for auditing, and that the annual physical inventory should be completed by August 15th of each year. BRS' internal controls must provide for the safeguarding of assets against unauthorized acquisition, use or disposition.

B. Pre-Employment Transition Service Contract Development and Oversight

1. Insufficient Contract Development Internal Controls to Ensure Accountability –

The Uniform Guidance at 2 CFR §200.303(c) requires grantees to have internal controls sufficient to ensure the grantee evaluates and monitors the agency's activities to ensure compliance with Federal requirements. In addition, 2 CFR §200.328(a) requires BRS to be responsible for the operations of all grant-supported activities. As such, BRS must monitor and evaluate grant-supported activities to ensure compliance of all activities performed under the VR program. During the on-site monitoring visit, RSA reviewed BRS' pre-employment transition services contract. RSA noted the Requests for Funding (RFFs), which were incorporated by reference in Exhibit 1 of the pre-employment transition service contracts, contained provisions for the contractor to develop Memoranda of Understanding (MOUs) with other providers, whereby the contractor would serve as the primary Fiscal Agent for other entities providing pre-employment transition services. BRS did not approve the MOUs.

While the MOUs with other entities were mentioned in the RFFs (which themselves were incorporated by reference in Exhibit 1 of the contracts), the MOUs were not mentioned in the boilerplate contract language. Since the MOUs were incorporated by reference in the contract, they became part of the terms of the contract agreed to by BRS and the contractor. Even though the contractor was billing BRS on behalf of the entities that signed the MOU, there were no provisions in the contracts requiring the contractor to monitor the services or ensure the costs being billed through the contractor were allowable VR costs. Furthermore, RSA found no evidence that BRS was monitoring the activities of the contractor as a VR service provider or as a fiscal agent for other service providers, or monitoring the activities of the other service providers mentioned in the MOUs, as it is required to do by 2 CFR §200.328(a). As such, BRS is not exercising its responsibility to evaluate and monitor the activities of any of these service providers, including the contractor itself, thereby creating an unnecessary risk to Federal funds. Because BRS failed to monitor the contract activities performed under the pre-employment transition services contract, BRS is not satisfying 2 CFR §200.303, which requires the grantee to have internal controls that ensure the grantee complies with Federal requirements and evaluates and monitors grant-supported activities. In so doing, BRS cannot assure, as it is required to do pursuant to 34 CFR §361.12, that it is administering the VR program properly and efficiently, an ensuring financial accountability.

Additionally, BRS is not in compliance with 2 CFR §200.317 because it did not follow its State procurement policies when it excluded key duties of the contractor from its establishment and pre-employment transition service contracts. BRS staff indicated they requested revised cost proposals and modifications to proposed strategies from some providers, but they did not believe these changes altered the duties of the contract. However, Indiana's 2016 Professional Services Contract Manual requires that contracts outline the exact, detailed services to be performed. On page 24, the manual states: "The contractor's duties need to be described fully within the contract itself."

As part of the on-site monitoring process, RSA reviewed BRS' 19 signed and encumbered Establishment contracts, all of which took effect in April 2017. None of the contracts contained detailed job duties for the contractors, but rather stated that the contractors must adhere to the staffing and training strategies proposed by the contractors in response to BRS' RFFs for the contracts. Even if an argument could be made that the proposals submitted by the contractors to BRS were incorporated by reference into the contracts, a problem arises in that BRS revised some of the staffing and training strategies, which were contained in the contractors' proposals to the RFFs, by subsequent emails that preceded awarding of the contracts. None of these emails were incorporated either directly or by reference into the contracts, thus making them not a part of the legally binding contract. As such, not all of the detailed job duties for the contractors were included in the contract as required by Indiana's State procurement policy manual.

Given the lack of detailed job duties for the contractors in both the Establishment and pre-employment transition services contracts, BRS did not comply with its own State procurement policies. As such, BRS did not comply with the requirements of 2 CFR §200.317. Because BRS did not comply with its State procurement policies, BRS lacked the internal controls required by 2 CFR §200.303. For these reasons, BRS cannot assure that it is administering the VR program properly and efficiently as required by 34 CFR §361.12.

2. Contract Inaccuracies –

BRS demonstrated insufficient internal control with respect to its pre-employment transition services contracts because they contained several inaccuracies. For example, the final, signed contracts states that the source of funding is 78.7 percent Federal and 21.3 percent match (non-Federal). However, BRS reported to RSA during the onsite visit that only Federal funds earmarked for pre-employment transition services are to be used to support these contracts, meaning that Federal VR funds pay 100 percent of the contracts' costs rather than 78.7 percent as stated in the contracts. At the time of the on-site visit, BRS had not corrected the inaccuracy through a process for contract revision. While there is no prohibition against BRS paying 100 percent of the costs of providing pre-employment transition services with Federal VR funds, it is essential for internal controls purposes that the contracts accurately describe the use of funds. Only in so doing can BRS assure it is administering the VR program properly and efficiently and ensuring fiscal accountability for VR funds, as required by 34 CFR §361.12.

As another example of contract inaccuracies, some of the pre-employment transition services contracts did not contain all of the services being provided in the schedule of payments. Therefore, providers were billing for services not included in the contract. During discussions about the contracts with BRS management while on-site, RSA learned that the problem was due to a clerical error when the contracts were developed. However, the error was not identified or corrected by BRS internal controls prior to RSA's onsite visit. Because BRS was paying for service-related costs that were not identified in the pre-employment transition services contracts, BRS cannot assure that it is administering the VR program properly and efficiently, as required by 34 CFR §361.12, especially with respect to fiscal accountability.

As a third example, after CRPs submitted their RFF proposals, BRS informed some applicants via email that a portion of their RFF proposal was not fundable under the VR program. However, BRS did not correct the RFFs, despite the fact that they were incorporated by reference in the final contract, thus resulting in unfundable information being included in the contract. The emails revisions were not incorporated, either formally or by reference, into the contract approved by BRS. Although there is no evidence that BRS paid VR funds for any of the unfundable portions of the contract, BRS' internal controls were not sufficient to recognize that contract or RFF amendments were necessary to ensure that the binding approved

contract contained accurate information. As a result, BRS cannot ensure that it is administering the VR program properly and ensuring financial accountability, as required by 34 CFR §361.12.

3. Establishment Project Contract Development and Oversight

BRS' lack of adequate internal controls resulted in the following:

1. **Failure to Assess Proportional Benefit** – The Uniform Guidance at 2 CFR §200.403(a) requires that costs incurred by a grantee be allowable, meaning reasonable, necessary, and allocable. 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” (2 CFR §200.404). A cost is allocable if it is assignable to a particular Federal award based on the relevant benefit received by the program (2 CFR §200.405(a)). If a cost, such a staffing cost, will benefit two or more programs or activities, the grantee must allocate the cost, in a manner consistent with 2 CFR §200.405(d), based on the proportional benefit received by each program or activity.

During the monitoring process, RSA reviewed multiple contracts and their supporting documentation to assess BRS' internal controls with the development, implementation, and funding of contracts. RSA found several examples of BRS' lack of internal controls, particularly with respect to ensuring that costs charged and paid under a contract were allowable, reasonable, and allocable to the VR program. For example:

- BRS distributed an RFF in which it solicited CRP providers to submit requests to use VR funds to pay for additional staff and training. However, BRS did not require applicants to provide baseline data regarding the CRP's current number of VR consumers being served or the amount of time CRP staff currently spend providing services, nor did BRS obtain this information through other means prior to reviewing CRP proposals to determine reasonableness, as it was required to do pursuant to 2 CFR §200.404. BRS funded RFF proposals for additional CRP staff to perform VR duties without first assessing whether the additional positions were reasonable or necessary to serve the current VR consumers and applicants served by those providers or to meet the need for an expected increase in applicants and consumers.
- BRS approved Federal funding for one proposal that noted a very slow rate of referrals but included the immediate hiring of three additional staff. When interviewed, BRS staff had no knowledge about whether these staff would have sufficient caseloads to justify their cost to the program or whether these staff would be working on other programs. Moreover, BRS did not determine whether all of the staff time, including management time, submitted by the CRPs in response to the RFFs was solely for the benefit of the VR program, or

whether the staff would be working on multiple programs. Without this information, BRS cannot be sure that all staffing costs were allocable to the VR program, as required by 2 CFR §200.405. Because BRS did not have a process to determine whether the amount of funding provided to the agency was in proportion to the benefit received by the VR program, it did not meet the requirement at 2 CFR §200.405(d).

- BRS did not require RFF respondents to submit detailed budget and operations information sufficient for BRS to conduct pre-award budget and post-award payment request analyses to determine whether funds paid to CRPs under Establishment contracts were properly allocated to the VR program, as opposed to other activities performed by the CRPs, as required to do pursuant to 2 CFR §200.405.

Without information demonstrating the need for such staff and management time, or operational needs of the CRP, BRS lacked the processes necessary to ensure that funds paid under the contract were allowable, reasonable, and allocable to the VR program, as required by 2 CFR §200.403 through 200.405. As such, BRS cannot ensure its internal controls were sufficient to satisfy the requirements of 2 CFR §200.303. Therefore, BRS cannot assure it has procedures in place that ensure the proper and efficient administration of the VR program and financial accountability.

- 2. Inadequate Contract Performance Measures** – One of the establishment project’s four stated objectives is inadequate and appears either arbitrary or immeasurable. This performance measure called for the “overall increase in quality and quantity of competitive, integrated outcomes...” but did not identify how progress toward meeting the objective would be measured. Because BRS failed to implement appropriate contract performance measures, it did not comply with 2 CFR §200.302(b)(4), which requires non-Federal entities to adequately safeguard all assets and assure that they are used solely for authorized purposes, and §200.318(b), which requires that non-Federal entities maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

Conclusion: As described above, BRS does not maintain effective internal controls over the Federal award that provide reasonable assurances that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award, as required by 34 CFR §361.12 and 2 CFR §200.303. Specific internal control areas of deficiency include rate setting for purchased services, oversight of grant-supported activities, contract development and execution to ensure accuracy and reasonableness, and following existing State procurement policies (particularly with respect to detailed job duties contained in contracts), and overall accountability. RSA is particularly concerned about the number of issues identified through BRS’ use of the RFF process and the lack of internal controls and oversight.

Collectively, these material deficiencies suggest generalized, systemic deficiencies within the agency's control environment. During the on-site visit, RSA staff informed BRS management of deficiencies in the agency's contracting and procurement practices, and noted that future payments associated with the contracts under review would be subject to further review by RSA fiscal staff. The corrective action steps listed below will support BRS in developing its ability to correct processes that have led to the non-compliance findings noted above.

Corrective Action Steps:

RSA requires that BRS:

- 5.5.1 Develop and implement written policies or procedures governing the manner in which BRS will set fees for purchased VR services that are based on reasonable costs established by the agency, as required by 34 CFR §361.50(c)(1);
- 5.5.2 Develop and implement written policies or procedures governing oversight of grant-supported activities, particularly with respect to activities performed under contracts with BRS, as required by 2 CFR §200.328(a);
- 5.5.3 Develop and implement written policies or procedures governing oversight of agency adherence to State procurement policies, as required by 2 CFR §200.313(b), particularly with respect to the inclusion of key duties in contracts;
- 5.5.4 Amend the pre-employment transition service contracts to correct the issues identified above within 120 days after the issuance of the final monitoring report;
- 5.5.5 Amend or revise Establishment contracts and develop and implement internal controls, within 120 days of the issuance of the final monitoring report, to ensure:
 - a) Only CRP staff and other costs that are allowable, reasonable, and allocable to the VR program for the establishment, development, or improvement of a CRP are included in the establishment contract;
 - b) all project costs have been determined to be allowable, reasonable, and allocable to the VR program;
 - c) RFFs incorporated into contract are accurate, particularly with respect to the inclusion of only allowable VR program activities;
 - d) personnel (both management and staff) paid through the establishment contracts provide personnel activity reports, if their time is split between two or more programs or activities, to demonstrate the time spent working on the VR program is consistent with the VR funds expended;
 - e) supervisory positions funded are only supervising staff performing VR services;
 - f) staff training costs are paid in proportion to the percentage of time the individuals work on the VR program.
- 5.5.6 Develop and implement a monitoring plan, including schedule for regular review, to hold CRPs accountable for the prescribed use of Federal funds for VR Establishment activities only.

E. Technical Assistance

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

RSA fiscal staff provided detailed technical assistance related to establishment project requirements and internal control for contract development and oversight. At the time of the onsite visit, BRS had just begun implementation of the establishment project contracts and RSA fiscal staff expressed concern regarding the continued implementation of the contracts given the issues identified onsite. RSA informed BRS of the potential risks associated with continued implementation given the agency's inability to accurately determine each contract's proportional benefit to the VR program. RSA and BRS staff had lengthy discussions regarding potential options for proceeding with the agreements. RSA noted on several occasions that the fundamental flaws in the methodology used to assign proportional costs to the VR program made it unclear how BRS could continue to pay VR funds through the contracts without substantial revisions to the contract agreements.

RSA provided technical assistance regarding tracking and reporting requirements for the provision of pre-employment transition services. RSA and BRS discussed the required data elements that must be collected in accordance with the RSA-911 Case Services Manual and how the vendor portal used with its case management system to track and report pre-employment transition services purchased by BRS through fee-for-service contracts could also be used to capture services directly provided to students with disabilities by BRS' VR counselors.

RSA provided technical assistance regarding the need for proper internal controls to identify each required activity that BRS' VR counselors provide to students with disabilities that are potentially eligible or eligible for VR services. In addition to reporting staff time spent directly providing pre-employment transition services, VR agencies are required to identify all pre-employment transition services received by a student with a disability, the total amount expended for this service, who provided this service and the dates of the service, in accordance with TAC-16-04 and 2 CFR §200.302.

RSA fiscal staff also provided technical assistance regarding program income and prior approval requirements. Additionally, RSA reviewed guidance related to period of performance with BRS staff.

BRS has requested additional technical assistance in reviewing draft internal control processes required to ensure the establishment project contract are in compliance with Federal requirements.

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

A. Nature and Scope

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

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

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

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

Through this focus area, RSA:

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

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

stop service delivery system, as available. The review team met with the DSU director and management personnel, DWD staff, and VR staff responsible for case management data collection.

B. Overview

Governance

State Workforce Development Board (SWDB)

Indiana's SWDB plays a key role in leading the State's implementation of WIOA, which requires aligning investments in job training, integrating service delivery across programs, and ensuring that workforce investments are job-driven and match employers with skilled workers. In Indiana, the BRS director represents the State VR program, in accordance with 34 CFR §679.110, on the SWDB, which is called the State Workforce Innovation Council (SWIC). Among other responsibilities, the SWIC is charged with developing opportunities for Indiana residents to gain employment and earn competitive wages. The BRS director has served on the Council for more than one year. Additionally, the State has created six task forces of the SWIC. BRS staff and director participate in several of these task forces, which focus on employer needs and WIOA implementation strategies.

WIOA requires the Governor to develop strategies for effectively serving individuals with barriers to employment, including individuals with disabilities, and for coordinating programs and services among one-stop partner programs for these individuals. BRS' Unified State Plan outlines several strategies for the State, including increasing service integration among partner agencies within the one stop delivery system. BRS is currently piloting a training initiative where a VR liaison splits time between the BRS office and the local American Job Center (i.e. WorkOne office). The State began this pilot to combat a challenge in the State where individuals were not generally being provided the scope of services at WorkOne before being referred to the VR program. As a result of this pilot, the State has seen an increase in joint referrals and collaboration between the VR program and local WorkOne offices.

Additionally, the State established a steering committee where State level partners share progress regarding goals and strategies outlined in the Unified State Plan. As a result, DWD staff reported that they are on track with implementing the strategies specified in the Unified State Plan.

Local Workforce Development Board (LWDB)

There are 12 LWDBs established to represent each region in the State of Indiana. BRS' central office staff and area supervisors represent the VR program on these boards. While on-site, BRS staff indicated having a productive working relationship with the LWDBs that assists in meeting the requirements set forth in the Act.

BRS staff have been asked to assist with the certification process of the one-stop centers. While on-site, RSA encouraged BRS to utilize the Training and Employment Guidance Letter (TEGL)

15-16, *Competitive Selection of One-Stop Operators*, should additional information be needed to outline mandatory competition requirements in accordance with 20 CFR §§678.605(c) and 678.61 S(a).

The draft MOU between Indiana's BRS, DWD, and TANF references that LWDBs will develop local Infrastructure Funding Agreements .

BRS indicated that local VR staff are not involved in writing the local plans unless there is VR representation on that local board. However, in those instances, BRS is asked to review certain components of local plans to provide feedback regarding access for individuals with disabilities. Additionally, BRS has shared efforts with the LWDBS as they move into an order of selection, to include the amendment to the VR Services Portion of the PY 2016 Unified State Plan and the potential impact on Work-One centers. Lastly, DWD communicated with RSA that the career pathways programs are also locally driven and linked to careers in the local areas. Each local plan includes a section devoted to establishing career pathways and is an ongoing process for the regions and LWDBs.

Unified or Combined State Plans

State Plan Development

Indiana has not developed a policy for the development of its Unified State Plan. The process for the PY 2016 Unified State Plan was based on strong existing partnerships and collaboration to develop the strategic and operational elements of the State Plan as DWD and BRS are co-located in their central office. While formal policies and procedures for State Plan development are not in place, Indiana created 14 workgroups to develop the Unified State Plan where all core partners were included in the collaboration. The SWIC and WIOA implementation task force also reviewed the Unified State Plan elements and had the opportunity to address any questions during the State Plan development process. BRS provided comments on the Strategic and Operational planning elements of the Unified State Plan.

BRS collaborated with its DWD partners to provide public comments on the Unified State Plan in accordance with subpart D of 34 CFR part 361. After posting the State Plan on the DWD website, the public had the opportunity to make comments and attend public hearings. BRS considered comments from the SRC and Client Assistance Program when developing the Unified State Plan.

State Plan Implementation

DWD leads coordination efforts to organize regular meetings with all core partners in which BRS participates. Currently, the core partners are meeting regularly to discuss strategy implementation timelines, monitor the State Plan, and finalize MOUs, including and IFAs with their One-Stop partners. Because of this organized and regular coordination, Indiana is on track to have the strategies listed in the Unified State Plan implemented by their developed timelines. DWD and BRS staff shared with the review team that they have been proactive and focused on compliance with WIOA, more specifically with Section 511 and pre-employment transition

services. Additional coordination and cross-training efforts were made as BRS provided disability awareness training and VR cross-training to DWD staff and held a joint conference for leadership staff from BRS and DWD.

On June 30, 2017, RSA approved BRS' amendments to the VR Services Portion of the PY 2016 Unified State Plan to implement an order of selection. The core partners have planned collaboration to further discuss the effect of an order of selection and State Plan amendments. Additionally, subject matter experts among the core partners are tasked with reviewing the State Plan and ensuring cohesiveness among the plan elements.

One-Stop Delivery System

Access to VR Services in One-Stop Centers

In accordance with 34 CFR §361.420, and 34 CFR §463.420, each required one-stop partner program must provide access to its programs or activities. Ideally, the one-stop delivery system should bring together workforce development, educational, and other human resource services in a seamless customer-focused service delivery network that enhances access to services and improves long-term employment outcomes for individuals with disabilities. Currently, Indiana has 12 regions/LWDBs with 26 One-Stop Centers, or WorkOne Centers, across the State; BRS does not provide access to VR services at satellite one-stop centers or through a virtual connection. However, BRS does provide access to VR services at One-Stop Centers through a blended method; about five of the WorkOne centers are co-located with VR while other locations rotate their VR staff to work in-house at the local centers where VR staff has office space to provide access to VR services. Additionally, consumers are referred across VR and WorkOne offices to coordinate services appropriately where needed.

Memoranda of Understanding

In accordance with 34 CFR §361.420, and 34 CFR §463.420, each required one-stop partner program must enter an MOU that meets the requirements of 34 CFR §§361.500(b) and §463.500(b) with the LWDB relating to the operation of the one-stop delivery network.

In March 2014, DWD released Policy 2014-01, *Establishing Memoranda of Understanding with One-Stop Partners*, that provide guidance on establishing an MOU between the LWDBs and the local one-stop centers based upon changes resulting from WIOA, including a sample MOU, in accordance with subpart F of 34 CFR part 361 (34 CFR §361.500) and subpart C of 20 CFR part 678. RSA reviewed Indiana's "umbrella" draft MOU across State partners; BRS, DWD, and the 12 LWDBs. The draft MOU describes the services to be provided at the one-stop centers including the key elements in accordance with section 121(c) of WIOA and 34 CFR §361.500 and §463.500. The State partners developed a mission statement as well as the current draft umbrella agreement which was scheduled to be finalized by July 2017. Prior to the onsite visit, RSA shared with BRS the jointly developed and released Sample MOU and accompanying Cost Allocation Analyses Toolkit. BRS and DWD partners indicated they have used the toolkit as a guidance document in finalizing the MOU.

Infrastructure Costs

The State is in the initial stages of negotiating the agreement on funding the costs of services and the operating costs of the system, or IFA, in accordance with WIOA requirements. Prior to WIOA, BRS did not contribute towards infrastructure costs of the One-Stop service delivery system, as there were no official negotiated agreements in place. As mentioned previously, BRS is in the beginning stages of IFA negotiations, but the agency reported being on track to develop compliant IFAs. For example, DWD released Policy 2016-08, *Local Agreements Regarding One-Stop Infrastructure and Additional Cost Funding*, in February 2017, that provides guidance to the LWDBs, CEOs, and one-stop partners regarding the establishment of a local one-stop center operating budget and the negotiation of infrastructure and additional cost funding agreements between local LWDBs and WIOA partners. RSA reviewed DWD's policy that outlines the roles and responsibilities of each WIOA core partner during the negotiation and Federal funding requirements in accordance with subpart F of 34 CFR part 361 and subpart E of 20 CFR part 678. DWD included in its policy, clarification that "Each partner that carries out a program or an activity [will] contribute to the infrastructure costs of local one-stop centers based on [its] proportional use relative to the benefit received by the partner through [its] participation in the local one-stop center." Additionally, one region in Indiana is currently piloting a project to determine an example of a likely budget for each one-stop center and to assist in negotiations on proportional benefit budgeting. While the Governor's office has not provided guidance on how partner programs must determine their contributions to infrastructure costs under WIOA, they plan to seek input once finalizations are made. RSA provided technical assistance on determining infrastructure costs being based on square footage when VR is co-located with the WorkOne and clarified costs being proportional to the benefit received, usage, and consumer count at the local WorkOne Centers.

Accessibility

Indiana's PY2016 Unified State Plan describes the programmatic accessibility for individuals with disabilities where they offer online marketing materials and virtual trainings for job seekers with disabilities. Since the passage of WIOA, DWD has made attempts to improve the one stop centers' physical and programmatic accessibility for individuals with disabilities. BRS and DWD developed a monitoring team to determine if one-stop centers are accessible and DWD issued a finding to those centers that did not meet physical and/or programmatic accessibility requirements. Additionally, DWD required each region to develop a plan to handle any accessibility deficiencies in their centers.

Performance Accountability

Performance Data Collection and Reporting

The State performance report required by Section 116(d)(2) of WIOA and 34 CFR §361.160 must be submitted annually using the template developed by DOL and the Department of Education. For VR specific standards, RSA recently updated the RSA-911 to include the primary

indicators of performance identified in 34 CFR §361.155, to include Effectiveness in serving employers. In accordance with RSA Technical Assistance Circular (TAC) 17-01, *Performance Accountability Guidance for Workforce Innovation and Opportunity Act Title I, Title II, Title III and Title IV Core Programs*, States must select two of three approaches while participating in a pilot program to measure the effectiveness in serving employers. DWD and BRS indicated to the review team that they chose to monitor the effectiveness of serving employers by employer penetration rate, which addresses the program's efforts to provide quality engagement and services to employers and sectors within a State and local economy. Indiana also chose to monitor effectiveness in serving employers by repeat business customers, which addresses the programs' efforts to provide employers with skilled workers.

Additionally, in accordance with WIOA Section 116(b)(3)(A)(ii) and 34 CFR §361.160(a)(1)(ii) annual reporting should include the total number of participants who are co-enrolled in any of the programs in WIOA. In Indiana, each core program (Title I, II, & III) uses a separate case management system which presents a challenge to identify individuals who are co-enrolled. While DWD and BRS' have a system interface for their case management systems and capture unique identifier information, the agencies collaborate to receive necessary data on those clients who are co-enrolled in a core program. BRS and DWD are collaborating to make expansions to the current unique identifiers in their systems to identify co-enrolled individuals. DWD Information Technology (IT) staff are providing technical assistance to BRS in making the necessary system updates to ensure compliance with co-enrollment annual reporting requirements. For example, BRS developed a task list of changes that are needed in its current case management system, IRIS. At the same time, BRS is negotiating its final contract with Aware case management system. BRS explained that once the contract with Aware is finalized, the implementation process will require 18 months. Additionally, BRS and DWD are updating their current MOU to expand captured information regarding barriers to employment, measurable skills attainment, and post exit information.

Performance Data Sharing

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

BRS has an agreement and system interface with Social Security Administration (SSA) where wage data information and Ticket to Work reimbursement information is shared. BRS identified that it needs to broaden and modify the agreement to obtain training information. However, when VR is not required to capture a Social Security Number (SSN), data sharing becomes more

complicated. Currently, BRS and DWD are collaboratively implementing a process where they adopt a unique identifier to the service records where a SSN was not collected for VR services. BRS is currently working with providers to collect or share information on the pre-employment transitions services population but does not currently have an agreement in place. BRS indicated that it is looking at partnering with the National Educational Clearinghouse to obtain information on the pre-employment transition student population.

The core partner programs in Indiana are determining mechanisms for sharing data for the Effectiveness in Serving Employers measure, including capturing this information as a State using a VR business consultant to mirror current system interfaces. For example, DWD has a system interface with BRS' VR case management system through the portal, INgage. The core programs may be able to have a system interface of their case management systems through the INgage portal. BRS should continue collaborative efforts with the core partner programs to decide on a method for sharing data to ensure compliance with annual reporting requirements.

C. Analysis of Performance and Observations

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

D. Corrective Actions to Improve Performance

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

E. Technical Assistance

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

- RSA provided technical assistance on determining infrastructure costs being based on square footage when VR is co-located with the WorkOne Center(s) and clarified costs must be proportional to the benefits received, usage, and consumer count at the local WorkOne Center(s). RSA will provide technical assistance to BRS as needed to ensure compliant completion of the MOU and accompanying IFA(s).

BRS has requested additional technical assistance in the following area:

- The State performance report required by Section 116(d)(2) of WIOA and in accordance with 34 CFR §361.160 must be submitted annually using the template developed by the Department of Labor and the Department of Education. RSA will provide technical assistance as requested by BRS to clarify RSA-911 reporting elements and to meet the requirements set forth in the final rule.

APPENDIX A: PROGRAM AND FISCAL PERFORMANCE DATA TABLES

This appendix contains the program and fiscal performance data tables used throughout the review. Data were drawn from the RSA-113, the RSA-911, and SF-425. The RSA-113 report is a quarterly submission that provides cumulative information at the end of the Federal fiscal year. The data from the RSA-113 cover both open and closed service records as reported to RSA at the end of the Federal fiscal year. The RSA-911 contains only information on service records closed during the Federal fiscal year covered by the report and does not include information related to those service records remaining open in the next Federal fiscal year.

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

Performance category	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total applicants	13804		13,622		13,130		263,064	
Total eligible individuals	11,623		11,961		12,259		247,467	
Agency implementing order of selection	No		No		No		-	
Individuals on order of selection waiting list at year-end	0		0		0		11,437	
Individuals in plan receiving services	13,981		13,248		13,594		454,801	
Percent accepted for services who received no services		27.7%		27.0%		26.3%		23.20%
Exited as applicants	1,987	15.5%	1,651	13.6%	1,191	10.4%	29,456	12.3%
Exited trial experience/extended evaluation	293	2.3%	256	2.1%	185	1.6%	1,956	.8%
Exited with employment	4,377	34.0%	4,103	33.8%	3,754	32.7%	82,808	34.6%
Exited without employment	2,979	23.2%	2,900	23.9%	3,066	26.7%	65,276	27.3%
Exited from OOS waiting list							3,516	1.5%

Performance category	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Exited without employment outcomes, after eligibility, before an IPE was signed or before receiving services	3,222	25.1%	3,226	26.6%	3,278	28.6%	56,055	23.4%
Total received services	7,356	57.2%	7,003	57.7%	6,820	59.4%	148,084	61.9%
Employment rate		59.5%		58.6%		55.0%		55.9%
Competitive employment outcomes	4,245	97.0%	3,996	97.4%	3,619	96.4%	78,859	95.2%
Supported employment outcomes	974	22.3%	1,012	24.7%	640	17.0%	9,673	11.7%
Average hourly earnings for competitive employment outcomes	\$11.81		\$12.06		\$13.17		\$11.84	
Average hours worked for competitive employment outcomes	29.39		29.1		29.79		30.3	
Median hourly earnings for competitive employment outcomes	\$9.00		\$9.00		\$10.00		\$10.00	
Median hours worked for competitive employment outcomes	30		30		30		30.0	
Quarterly median earnings	\$3,510		\$3,419		\$3,900		\$3,900.00	

Data sources: RSA-911, RSA 113

Table 3.2.a IN-C VR Training Services Provided for Individuals Served - FFYs 2014-2016

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total number of individuals served	7,356		7,003		6,820		148,084	
College or university training	1,173	15.9%	1,068	15.3%	887	13.0%	1,951	1.3%
Four-year or university training	59	0.8%	133	1.9%	358	5.2%	13,025	8.8%
Junior or community college training	32	0.4%	127	1.8%	264	3.9%	9,790	6.6%
Occupational or vocational training	539	7.3%	505	7.2%	470	6.9%	14,961	10.1%
On-the-job training	152	2.1%	178	2.5%	118	1.7%	2,840	1.9%
Apprenticeship training	0	0.0%	1	0.0%	3	0.0%	83	0.1%
Basic academic remedial or literacy training	5	0.1%	6	0.1%	5	0.1%	2,357	1.6%
Job readiness training	385	5.2%	233	3.3%	204	3.0%	30,291	20.5%
Disability-related skills training	339	4.6%	322	4.6%	307	4.5%	4,642	3.1%
Miscellaneous training	581	7.9%	673	9.6%	740	10.9%	11,595	7.8%

Data source: RSA-911

Table 3.2.b IN-C VR Career Services Provided for Individuals Served - FFYs 2014-2016

Career Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total number of individuals served	7,356		7,003		6,820		148,084	
Assessment	6,620	90.0%	6,253	89.3%	5,889	86.3%	84,756	57.2%
Diagnosis and treatment of impairment	2,032	27.6%	1,634	23.3%	1,408	20.6%	43,641	29.5%
Vocational rehab counseling and guidance	7,356	100.0%	7,003	100.0%	6,820	100.0%	95,439	64.4%

Career Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Job search assistance	3,091	42.0%	2,789	39.8%	1,095	16.1%	49,182	33.2%
Job placement assistance	2,799	38.1%	2,608	37.2%	2,160	31.7%	44,189	29.8%
On-the-job supports-short term	1,623	22.1%	1,470	21.0%	1,625	23.8%	20,412	13.8%
On-the-job supports-SE	1,140	15.5%	1,130	16.1%	628	9.2%	11,615	7.8%
Information and referral services	399	5.4%	307	4.4%	318	4.7%	33,306	22.5%
Benefits counseling	1,175	16.0%	1,127	16.1%	1,034	15.2%	8,715	5.9%
Customized employment services	1	0.0%	4	0.1%	14	0.2%	928	0.6%

Data source: RSA-911

Table 3.2.c IN-C VR Other Services Provided for Individuals Served - FFYs 2014-2016

Other Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total number of individuals served	7,356		7,003		6,820		148,084	
Transportation	2,155	29.3%	2,193	31.3%	2,436	35.7%	51,017	34.5%
Maintenance	283	3.8%	1,545	22.1%	1,562	22.9%	32,145	21.7%
Rehabilitation technology	1,265	17.2%	1,776	25.4%	2,087	30.6%	24,372	16.5%
Reader services	4	0.1%	3	0.0%	2	0.0%	151	0.1%
Interpreter services	118	1.6%	109	1.6%	105	1.5%	2,590	1.7%
Personal attendant services	19	0.3%	18	0.3%	12	0.2%	247	0.2%
Technical assistance services	416	5.7%	201	2.9%	175	2.6%	1,437	1.0%
Other services	2,359	32.1%	1,765	25.2%	1,411	20.7%	32,136	21.7%

Data source: RSA-911

Table 3.3.a IN-C Outcomes by Type of Impairment - FFYs 2014-2016

Type of Impairment	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Visual - Employment outcomes	275	6.3%	241	5.9%	232	6.2%	5,241	6.3%
Visual - Without employment outcomes	120	4.0%	167	5.8%	173	5.6%	2,861	4.4%
Auditory and Communicative - Employment outcomes	1,076	24.6%	1,030	25.1%	1,274	33.9%	11,490	13.9%
Auditory and Communicative - Without employment outcomes	143	4.8%	156	5.4%	156	5.1%	3,490	5.4%
Physical - Employment outcomes	769	17.6%	776	18.9%	579	15.4%	14,906	18.0%

Type of Impairment	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Physical - Without employment outcomes	816	27.4%	728	25.1%	745	24.3%	14,128	21.7%
Intellectual and Learning disability - Employment outcomes	1,251	28.6%	1,143	27.9%	952	25.4%	28,084	34.0%
Intellectual and Learning disability - Without employment outcomes	884	29.7%	917	31.6%	975	31.8%	21,270	32.7%
Psychosocial and psychological - Employment outcomes	1,006	23.0%	913	22.3%	717	19.1%	22,897	27.7%
Psychosocial and psychological - Without employment outcomes	1,016	34.1%	932	32.1%	1,017	33.2%	23,281	35.8%
Total served - Employment outcomes	4,377	100.0%	4,103	100.0%	3,754	100.0%	82,618	100.0%
Total served - Without employment outcomes	2,979	100.0%	2,900	100.0%	3,066	100.0%	65,030	100.0%

Data source: RSA-911

Table 3.3.b IN-C All Individuals Served by Type of Impairment FFYs 2014-2016

Type of Impairment	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Visual - Individuals served	395	5.4%	408	5.8%	405	5.9%	8,102	5.5%
Auditory and Communicative - Individuals served	1,219	16.6%	1,186	16.9%	1,430	21.0%	14,980	10.1%
Physical - Individuals served	1,585	21.5%	1,504	21.5%	1,324	19.4%	29,034	19.7%

Type of Impairment	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Intellectual and Learning disability - Individuals served	2,135	29.0%	2,060	29.4%	1,927	28.3%	49,354	33.4%
Psychosocial and psychological	2,022	27.5%	1,845	26.3%	1,734	25.4%	46,178	31.3%
Total individuals served	7,356	100.0%	7,003	100.0%	6,820	100.0%	147,648	100.0

Data source: RSA-911

Table 3.3.c IN-C Employment Rate by Type of Impairment - FFYs 2014-2016

Type of Impairment	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Visual - Employment rate		69.6%		59.1%		57.3%		64.7%
Auditory and Communicative - Employment rate		88.3%		86.8%		89.1%		76.7%
Physical - Employment rate		48.5%		51.6%		43.7%		51.3%
Intellectual and Learning disability - Employment rate		58.6%		55.5%		49.4%		56.9%
Psychosocial and psychological – Employment rate		49.8%		49.5%		41.3%		49.6%
Total served - Employment rate		59.5%		58.6%		55.0%		56.0%

Data source: RSA-911

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

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 60 days	8,592	81.2%	8,208	80.2%	7,900	78.2%	171,607	82.6%
61 – 90 days	1,475	13.9%	1,482	14.5%	1,508	14.9%	17,315	8.3%
91 – 120 days	308	2.9%	313	3.1%	391	3.9%	8,398	4.0%
121 – 180 days	128	1.2%	145	1.4%	198	2.0%	6,202	3.0%
181 – 365 days	63	0.6%	69	0.7%	82	0.8%	3,473	1.7%
More than 1 year	12	0.1%	12	0.1%	19	0.2%	660	.3%
Total eligible	10,578	100.0%	10,229	100.0%	10,098	100.0%	207,655	100.0%

Data source: RSA-911

Table 3.4.b IN-C Elapsed Time from Eligibility to IPE for All Individuals Served - FFYs 2014-2016

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 90 days	5,223	71.0%	4,958	70.8%	4,703	69.0%	111,220	75.1%
More than 90 days	2,133	29.0%	2,045	29.2%	2,117	31.0%	36,864	24.9%
Total served	7,356	100.0%	7,003	100.0%	6,820	100.0%	148,084	100.0%

Data source: RSA-911

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

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 3 months	184	2.5%	150	2.1%	120	1.8%	4,867	3.3%
4 – 6 months	1,470	20.0%	1,290	18.4%	1,199	17.6%	18,624	12.6%
7 – 9 months	1,045	14.2%	1,039	14.8%	946	13.9%	18,240	12.3%
10 – 12 months	810	11.0%	805	11.5%	816	12.0%	15,762	10.6%
13 - 24 months	1,634	22.2%	1,707	24.4%	1,739	25.5%	37,939	25.6%
25 – 36 months	841	11.4%	769	11.0%	792	11.6%	18,934	12.8%
37 – 60 months	861	11.7%	750	10.7%	661	9.7%	19,177	13.0%
More than 5 years	511	6.9%	493	7.0%	547	8.0%	14,541	9.8%
Total served	7,356	100.0%	7,003	100.0%	6,820	100.0%	148,084	100.0%

Data source: RSA-911

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

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Architecture and Engineering Occupations (17-0000)	30	.7%	30	.7%	39	1.0%	577	.7%
Arts, Design, Entertainment, Sports, and Media (27-0000)	39	.9%	44	1.1%	49	1.3%	885	1.1%

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Building and Grounds Cleaning and Maintenance (37-0000)	425	9.7%	375	9.1%	248	6.6%	6,923	8.4%
Business and Financial Operations Occupations (13-0000)	74	1.7%	55	1.3%	56	1.5%	1,248	1.5%
Community and Social Services Occupations (21-0000)	106	2.4%	97	2.4%	115	3.1%	2,300	2.8%
Computer and Mathematical Occupations (15-0000)	48	1.1%	35	.9%	24	.6%	874	1.1%
Constructive and Extraction Occupations (47-0000)	71	1.6%	67	1.6%	61	1.6%	1,722	2.1%
Constructive and Extraction Occupations (47-0000)	71	1.6%	67	1.6%	61	1.6%	1,722	2.1%
Education, Training, and Library Occupations (25-0000)	141	3.2%	138	3.4%	167	4.4%	2,434	2.9%
Farming, Fishing, and Forestry Occupations(45-0000)	12	.3%	13	.3%	6	.2%	425	.5%
Food Preparation and Serving Related Occupations (35-0000)	458	10.5%	395	9.6%	352	9.4%	9,434	11.4%
Healthcare Practitioners and Technical Occupations (29-0000)	134	3.1%	117	2.9%	132	3.5%	2,238	2.7%
Healthcare Support Occupations (31-0000)	173	4.0%	119	2.9%	114	3.0%	2,722	3.3%
Homemaker*	130	3.0%	107	2.6%	132	3.5%	1,803	2.2%
Installation, Maintenance, and Repair Occupations (49-0000)	140	3.2%	124	3.0%	105	2.8%	4,981	6.0%
Legal Occupations (23-0000)	14	.3%	7	.2%	15	.4%	191	.2%
Life, Physical, and Social Science Occupations (19-0000)	16	.4%	9	.2%	16	.4%	374	.5%

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Management Occupations (11-0000)	151	3.4%	178	4.3%	192	5.1%	2,050	2.5%
Military Specific Occupations (55-0000)			1	.0%			92	.1%
Office and Administrative Support Occupations (19-0000)	653	14.9%	658	16.0%	549	14.6%	15,218	18.4%
Personal Care and Service Occupations (39-0000)	173	4.0%	153	3.7%	140	3.7%	4,073	4.9%
Production Occupations (51-0000)	605	13.8%	602	14.7%	580	15.5%	6,888	8.3%
Protective Service Occupations (33-0000)	67	1.5%	65	1.6%	66	1.8%	1,376	1.7%
Randolph-Sheppard vending facility clerk*	1	.0%	4	.1%			8	.0%
Randolph-Sheppard vending facility operator*	2	.0%	2	.0%			76	.1%
Sales and Related Occupations (41-0000)	269	6.1%	303	7.4%	242	6.4%	6,552	7.9%
Transportation and Material Moving Occupations (53-0000)	443	10.1%	405	9.9%	351	9.4%	7,284	8.8%
Unpaid Family Worker*	1	.0%			3	.1%	18	.0%
Total employment outcomes	4,377	100.0%	4,103	100.0%	3,754	100.0%	82,766	100.0%

Data source: RSA-911

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

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Architecture and Engineering Occupations (17-0000)	\$23.41		\$21.66		\$20.00		\$19.00	
Arts, Design, Entertainment, Sports, and Media (27-0000)	\$10.00		\$14.58		\$12.53		\$12.03	
Building and Grounds Cleaning and Maintenance (37-0000)	\$8.00		\$8.00		\$8.54		\$9.00	
Business and Financial Operations Occupations (13-0000)	\$14.45		\$16.35		\$17.36		\$15.34	
Community and Social Services Occupations (21-0000)	\$15.00		\$13.80		\$13.00		\$13.50	
Computer and Mathematical Occupations (15-0000)	\$19.25		\$14.68		\$19.73		\$16.00	
Constructive and Extraction Occupations (47-0000)	\$16.83		\$16.00		\$17.00		\$12.70	
Education, Training, and Library Occupations (25-0000)	\$12.00		\$12.88		\$13.93		\$13.00	
Farming, Fishing, and Forestry Occupations(45-0000)	\$8.33		\$10.50		\$11.00		\$10.00	
Food Preparation and Serving Related Occupations (35-0000)	\$7.50		\$7.50		\$7.95		\$8.36	
Healthcare Practitioners and Technical Occupations (29-0000)	\$19.81		\$21.25		\$20.00		\$16.12	
Healthcare Support Occupations (31-0000)	\$10.00		\$10.00		\$10.41		\$10.43	

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Homemaker*								
Installation, Maintenance, and Repair Occupations (49-0000)	\$13.00		\$12.00		\$15.00		\$9.80	
Legal Occupations (23-0000)	\$30.00		\$21.85		\$21.00		\$17.00	
Life, Physical, and Social Science Occupations (19-0000)	\$14.50		\$20.00		\$15.85		\$15.00	
Management Occupations (11-0000)	\$17.00		\$17.07		\$17.03		\$15.00	
Military Specific Occupations (55-0000)			\$26.43				\$13.17	
Office and Administrative Support Occupations (19-0000)	\$8.52		\$9.00		\$10.00		\$10.00	
Personal Care and Service Occupations (39-0000)	\$8.13		\$8.75		\$9.00		\$9.00	
Production Occupations (51-0000)	\$8.50		\$8.78		\$9.00		\$10.00	
Protective Service Occupations (33-0000)	\$10.20		\$9.50		\$12.92		\$10.25	
Randolph-Sheppard vending facility clerk*	\$37.13		\$9.25				\$10.91	
Randolph-Sheppard vending facility operator*	\$8.75		\$9.00				\$12.68	
Sales and Related Occupations (41-0000)	\$8.00		\$8.00		\$9.00		\$9.00	
Transportation and Material Moving Occupations (53-0000)	\$8.68		\$8.64		\$10.00		\$10.00	
Unpaid Family Worker*								
Total employment outcomes	\$9.00		\$9.00		\$10.00		\$10.00	

Data source: RSA-911

**Table 4.1 (IN-C) Case Status Information, Outcomes, and Quality Employment Measures
for Individuals with Disabilities under Age 25 at Exit—FFYs 2014–2016**

Individuals with Disabilities under Age 25 at Exit	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total cases closed	4,041		3,795		3,605		86,272	
Exited as an applicant	581	14.38%	454	11.96%	340	9.43%	10,776	12.49%
Exited during or after trial work experience/extended evaluation	100	2.47%	75	1.98%	57	1.58%	687	0.80%
Exited without employment after IPE, before services	192	4.75%	164	4.32%	215	5.96%	16,390	19.00%
Exited from order of selection waiting list		0.00%		0.00%		0.00%	972	1.13%
Exited without employment after eligibility, before IPE	982	24.30%	1,056	27.83%	1,016	28.18%	3,865	4.48%
Exited with employment	1,256	31.08%	1,065	28.06%	892	24.74%	29,391	34.07%
Exited without employment	930	23.01%	981	25.85%	1,085	30.10%	24,191	28.04%
Employment rate	57.46%		52.05%		45.12%		54.85%	
Supported employment outcomes	464	36.94%	467	43.85%	308	34.53%	3,965	13.49%
Competitive employment outcomes	1,253	99.76%	1,064	99.91%	890	99.78%	28,670	97.55%
Average hourly earnings for competitive	\$9.35		\$9.42		\$9.87		\$10.12	

Individuals with Disabilities under Age 25 at Exit	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
employment outcomes								
Average hours worked per week for competitive employment outcomes	27.67		26.69		27.15		29	
Competitive employment outcomes at 35 or more hours per week	422	33.60%	301	28.26%	291	32.62%	10,346	35.20%
Competitive employment outcomes meeting SGA	528	42.04%	413	38.78%	378	42.38%	14,616	49.73%
Competitive employment outcomes with employer-provided medical insurance	260	20.70%	186	17.46%	189	21.19%	3,866	13.15%

**Table 4.2.a (IN-C) Select VR Services Provided for Individuals with Disabilities
under Age 25 at Exit- FFYs 2014-2016**

Training Services	2014	2014 Percent	2015	2015 Percent	2016	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total number of individuals served	2,186		2,046		1,977		53,582	
College or university training	538	24.60%	535	26.10%	423	21.40%	852	1.60%
Four-year or university training	26	1.20%	69	3.40%	203	10.30%	5,289	9.90%
Junior or community college training	17	0.80%	61	3.00%	158	8.00%	4,482	8.40%
Occupational or vocational training	187	8.60%	180	8.80%	170	8.60%	5,067	9.50%
On-the-job training	62	2.80%	54	2.60%	40	2.00%	1,329	2.50%
Apprenticeship training	-	0.00%	-	0.00%	1	0.10%	42	0.10%
Basic academic remedial or literacy training	1	0.00%	1	0.00%	3	0.20%	1,198	2.20%
Job readiness training	185	8.50%	137	6.70%	125	6.30%	16,251	30.30%
Disability-related skills training	123	5.60%	125	6.10%	108	5.50%	1,272	2.40%
Miscellaneous training	246	11.30%	273	13.30%	349	17.70%	4,918	9.20%
Assessment	1,940	88.70%	1,806	88.30%	1,681	85.00%	29,430	54.90%
Diagnosis and treatment of impairment	263	12.00%	279	13.60%	315	15.90%	10,630	19.80%
Vocational rehab counseling and guidance	2,186	100.00%	2,046	100.00%	1,977	100.00%	36,168	67.50%
Job search assistance	1,057	48.40%	895	43.70%	365	18.50%	19,183	35.80%
Job placement assistance	969	44.30%	871	42.60%	724	36.60%	16,389	30.60%

Training Services	2014	2014 Percent	2015	2015 Percent	2016	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
On-the-job supports-short term	488	22.30%	372	18.20%	502	25.40%	7,651	14.30%
On-the-job supports-SE	542	24.80%	529	25.90%	334	16.90%	4,547	8.50%
Information and referral services	117	5.40%	102	5.00%	111	5.60%	14,113	26.30%
Benefits counseling	286	13.10%	243	11.90%	244	12.30%	1,974	3.70%
Customized employment services	1	0.00%	1	0.00%	5	0.30%	449	0.80%
Transportation	626	28.60%	633	30.90%	805	40.70%	15,830	29.50%
Maintenance	166	7.60%	553	27.00%	561	28.40%	10,436	19.50%
Rehabilitation technology	174	8.00%	194	9.50%	251	12.70%	3,781	7.10%
Reader services	1	0.00%	-	0.00%	1	0.10%	30	0.10%
Interpreter services	37	1.70%	25	1.20%	41	2.10%	607	1.10%
Personal attendant services	6	0.30%	10	0.50%	6	0.30%	84	0.20%
Technical assistance services	117	5.40%	63	3.10%	45	2.30%	254	0.50%
Other services	753	34.40%	580	28.30%	518	26.20%	9,840	18.40%

**Table 4.3.a (IN-C) Outcomes by Type of Impairment for Individuals with Disabilities
under Age 25 at Exit- FFYs 2014-2016**

Type of Impairment	2014	2014 Percent	2015	2015 Percent	2016	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Visual - Employment outcomes	31	2.47%	27	2.54%	17	1.91%	524	1.78%
Visual - Without employment outcomes	28	3.01%	34	3.47%	37	3.41%	535	2.21%
Auditory and Communicative - Employment outcomes	70	5.57%	78	7.32%	69	7.74%	1,618	5.51%
Auditory and Communicative - Without employment outcomes	40	4.30%	50	5.10%	58	5.35%	1,176	4.86%
Physical - Employment outcomes	91	7.25%	83	7.79%	76	8.52%	2,339	7.96%
Physical - Without employment outcomes	107	11.51%	97	9.89%	119	10.97%	2,054	8.49%
Intellectual and Learning disability - Employment outcomes	753	59.95%	598	56.15%	517	57.96%	18,636	63.45%
Intellectual and Learning disability - Without employment outcomes	504	54.19%	546	55.66%	569	52.44%	14,463	59.81%
Psychosocial and psychological - Employment outcomes	311	24.76%	279	26.20%	213	23.88%	6,254	21.29%
Psychosocial and psychological - Without employment outcomes	251	26.99%	254	25.89%	302	27.83%	5,954	24.62%
Total served - Employment outcomes	1,256	100.00%	1,065	100.00%	892	100.00%	29,371	100.00%
Total served - Without employment outcomes	930	100.00%	981	100.00%	1,085	100.00%	24,182	100.00%

Table 4.3.b (IN-C) All Individuals Served by Type of Impairment for Individuals with Disabilities under Age 25 at Exit- FFYs 2014-2016

Type of Impairment	2014	2014 Percent	2015	2015 Percent	2016	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Visual - Individuals served	59	2.70%	61	2.98%	54	2.73%	1,059	1.98%
Auditory and Communicative - Individuals served	110	5.03%	128	6.26%	127	6.42%	2,794	5.22%
Physical - Individuals served	198	9.06%	180	8.80%	195	9.86%	4,393	8.20%
Intellectual and Learning disability - Individuals served	1,257	57.50%	1,144	55.91%	1,086	54.93%	33,099	61.81%
Psychosocial and psychological	562	25.71%	533	26.05%	515	26.05%	12,208	22.80%
Total individuals served	2,186	100.0%	2,046	100.0%	1,977	100.0%	53,553	100.00%

Table 4.3.c (IN-C) Employment Rate by Type of Impairment for Individuals with Disabilities under Age 25 at Exit-FFYs 2014-2016

Type of Impairment	2014	2015	2016	2016 National Agency Type Percent
Visual - Employment rate	52.50%	44.30%	31.50%	49.48%
Auditory and Communicative - Employment rate	63.60%	60.90%	54.30%	57.91%
Physical - Employment rate	46%	46.10%	39%	53.24%
Intellectual and Learning disability - Employment rate	59.90%	52.30%	47.60%	56.30%

Type of Impairment	2014	2015	2016	2016 National Agency Type Percent
Psychosocial and psychological – Employment rate	55.30%	52.30%	41.40%	51.23%
Total served - Employment rate	57.50%	52%	45.10%	54.84%

Table 4.4.a (IN-C) Elapsed Time from Application to Eligibility for Individuals with Disabilities under Age 25 at Exit—FFYs 2014–2016

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 60 days	2,674	79.58%	2,578	78.93%	2,497	77.84%	61,119	81.70%
61 – 90 days	504	15.00%	499	15.28%	481	14.99%	6,367	8.51%
91 – 120 days	114	3.39%	112	3.43%	129	4.02%	3,214	4.30%
121 – 180 days	41	1.22%	53	1.62%	59	1.84%	2,441	3.26%
181 – 365 days	23	0.68%	20	0.61%	32	1.00%	1,410	1.88%
More than 1 year	2,674	79.58%	2,578	78.93%	2,497	77.84%	61,119	81.70%
Total eligible	504	15.00%	499	15.28%	481	14.99%	6,367	8.51%

Table 4.4.b (IN-C) Elapsed Time from Eligibility to IPE for Individuals with Disabilities under Age 25 at Exit Served—FFYs 2014–2016

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 3 months	1,539	70.40%	1,421	69.45%	1,342	67.88%	40,612	75.79%
4-6 months	531	24.29%	516	25.22%	534	27.01%	7,589	14.16%
7-9 months	98	4.48%	86	4.20%	75	3.79%	2,473	4.62%
10-12 months	18	0.82%	20	0.98%	23	1.16%	1,107	2.07%
More than 12 months		0.00%	3	0.15%	3	0.15%	1,801	3.36%
Total served	2,186		2,046		1,977		53,582	

**Table 4.4.c (IN-C) Elapsed Time from IPE to Closure for Individuals with Disabilities
under Age 25 at Exit Served—FFYs 2014–2016**

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 3 months	34	1.56%	34	1.66%	32	1.62%	1,319	2.46%
4 – 6 months	294	13.45%	227	11.09%	157	7.94%	4,769	8.90%
7 – 9 months	282	12.90%	251	12.27%	221	11.18%	5,556	10.37%
10 – 12 months	237	10.84%	235	11.49%	236	11.94%	5,217	9.74%
13 - 24 months	555	25.39%	549	26.83%	597	30.20%	14,948	27.90%
25 – 36 months	308	14.09%	291	14.22%	306	15.48%	8,479	15.82%
37 – 60 months	324	14.82%	312	15.25%	273	13.81%	8,846	16.51%
More than 5 years	152	6.95%	147	7.18%	155	7.84%	4,448	8.30%
More than 10 years		0.00%		0.00%		0.00%		0.00%
Total served	2,186		2,046		1,977		53,582	

**Table 4.5.a (IN-C) Standard Occupational Classification (SOC) Codes for Individuals with Disabilities
under Age 25 at Exit Served with Employment Outcomes—FFYs 2014–2016**

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Architecture and Engineering Occupations (17-0000)	7	0.56%	6	0.56%	7	0.78%	172	0.59%
Arts, Design, Entertainment, Sports, and Media (27-0000)	14	1.11%	12	1.13%	18	2.02%	287	0.98%
Building and Grounds Cleaning and Maintenance (37-0000)	128	10.19%	95	8.92%	59	6.61%	2,125	7.23%
Business and Financial Operations Occupations (13-0000)	6	0.48%	6	0.56%	6	0.67%	275	0.94%
Community and Social Services Occupations (21-0000)	11	0.88%	14	1.31%	18	2.02%	293	1.00%
Computer and Mathematical Occupations (15-0000)	14	1.11%	5	0.47%	4	0.45%	235	0.80%
Constructive and Extraction Occupations (47-0000)	11	0.88%	9	0.85%	9	1.01%	518	1.76%
Education, Training, and Library Occupations (25-0000)	29	2.31%	28	2.63%	18	2.02%	562	1.91%
Farming, Fishing, and Forestry Occupations (45-0000)	4	0.32%	4	0.38%		0.00%	172	0.59%
Food Preparation and Serving Related Occupations (35-	205	16.32%	158	14.84%	152	17.04%	4,862	16.55%

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0000)								
Healthcare Practitioners and Technical Occupations (29- 0000)	20	1.59%	16	1.50%	18	2.02%	612	2.08%
Healthcare Support Occupations (31-0000)	42	3.34%	25	2.35%	24	2.69%	956	3.25%
Homemaker*	3	0.24%	1	0.09%	2	0.22%	50	0.17%
Installation, Maintenance, and Repair Occupations (49- 0000)	47	3.74%	29	2.72%	27	3.03%	2,183	7.43%
Legal Occupations (23-0000)		0.00%		0.00%	1	0.11%	22	0.07%
Life, Physical, and Social Science Occupations (19- 0000)	6	0.48%	2	0.19%	4	0.45%	115	0.39%
Management Occupations (11-0000)	9	0.72%	11	1.03%	11	1.23%	360	1.23%
Military Specific Occupations (55-0000)		0.00%		0.00%		0.00%	48	0.16%
Office and Administrative Support Occupations (43- 0000)	178	14.17%	162	15.21%	108	12.11%	5,594	19.04%
Personal Care and Service Occupations (39-0000)	58	4.62%	49	4.60%	40	4.48%	1,665	5.67%
Production Occupations (51- 0000)	240	19.11%	226	21.22%	221	24.78%	2,625	8.94%
Protective Service	11	0.88%	9	0.85%	11	1.23%	420	1.43%

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Occupations (33-0000)								
Randolph-Sheppard Vending Facility Clerk*		0.00%		0.00%		0.00%	1	0.00%
Randolph-Sheppard Vending Facility Operator*		0.00%		0.00%		0.00%	1	0.00%
Sales and Related Occupations (41-0000)	58	4.62%	72	6.76%	34	3.81%	2,856	9.72%
Transportation and Material Moving Occupations (53- 0000)	155	12.34%	126	11.83%	100	11.21%	2,367	8.06%
Unpaid Family Worker*		0.00%		0.00%		0.00%	2	0.01%
Total employment outcomes	1,256		1,065		892		29,378	

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

SOC	2014	2015	2016	2016 National Agency Type
Architecture and Engineering Occupations (17-0000)	\$21.95	\$18.35	\$17.80	\$16.08
Arts, Design, Entertainment, Sports, and Media (27- 0000)	\$10.43	\$13.79	\$11.25	\$11.00
Building and Grounds Cleaning and Maintenance (37-0000)	\$8.50	\$8.00	\$8.00	\$8.60

SOC	2014	2015	2016	2016 National Agency Type
Business and Financial Operations Occupations (13-0000)	\$10.15	\$18.31	\$12.96	\$12.00
Community and Social Services Occupations (21-0000)	\$10.70	\$10.31	\$11.00	\$12.25
Computer and Mathematical Occupations (15-0000)	\$14.61	\$23.23	\$15.63	\$13.00
Constructive and Extraction Occupations (47-0000)	\$11.00	\$10.33	\$11.50	\$11.00
Education, Training, and Library Occupations (25-0000)	\$9.89	\$10.81	\$12.50	\$11.26
Farming, Fishing, and Forestry Occupations (45-0000)	\$8.00	\$8.80		\$10.00
Food Preparation and Serving Related Occupations (35-0000)	\$8.25	\$7.30	\$7.55	\$8.27
Healthcare Practitioners and Technical Occupations (29-0000)	\$12.00	\$19.05	\$14.38	\$12.00
Healthcare Support Occupations (31-0000)	\$10.25	\$9.50	\$10.00	\$10.00
Homemaker*				
Installation, Maintenance, and Repair Occupations (49-0000)	\$10.00	\$10.00	\$12.00	\$9.00
Legal Occupations (23-0000)			\$12.50	\$13.04
Life, Physical, and Social Science Occupations (19-0000)			\$14.00	\$13.50
Management Occupations (11-0000)	\$10.00	\$16.83	\$14.00	\$13.00
Military Specific Occupations (55-0000)	\$12.50			\$12.00
Office and Administrative Support Occupations (43-0000)	\$8.00	\$7.75	\$8.90	\$9.00

SOC	2014	2015	2016	2016 National Agency Type
Personal Care and Service Occupations (39-0000)	\$8.50	\$8.00	\$8.00	\$8.75
Production Occupations (51-0000)	\$9.13	\$8.00	\$8.50	\$9.76
Protective Service Occupations (33-0000)	\$10.00	\$12.05	\$10.00	\$10.00
Randolph-Sheppard Vending Facility Clerk*				\$8.00
Randolph-Sheppard Vending Facility Operator*				\$8.25
Sales and Related Occupations (41-0000)	\$8.15	\$7.69	\$8.00	\$9.00
Transportation and Material Moving Occupations (53-0000)	\$8.23	\$7.73	\$8.12	\$9.00
Unpaid Family Worker*				
Total employment outcomes	\$8.00	\$8.00	\$8.69	\$9.00

Table 4.6 (IN-C) Source of Referral Codes for Individuals with Disabilities under Age 25 at Exit—FFYs 2014–2016

Referral Sources	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
American Indian VR Services Program		0.00%	1	0.03%		0.00%	41	0.05%
Centers for Independent Living	2	0.05%	1	0.03%	4	0.11%	71	0.08%
Child Protective Services		0.00%	1	0.03%	2	0.06%	106	0.12%
Community Rehabilitation Programs	270	6.68%	178	4.69%	190	5.27%	3,047	3.54%
Consumer Organizations or Advocacy Groups	1	0.02%	21	0.55%	18	0.50%	178	0.21%
Educational Institutions (elementary/secondary)	1,459	36.10%	1,497	39.45%	1,370	38.00%	45,619	52.96%
Employers	183	4.53%	166	4.37%	151	4.19%	3,034	3.52%
Faith Based Organizations		0.00%	3	0.08%		0.00%	53	0.06%
Family/Friends	1	0.02%	2	0.05%	3	0.08%	64	0.07%
Intellectual and Developmental Disabilities Providers	26	0.64%	232	6.11%	326	9.04%	4,041	4.69%
Medical Health Provider (Public or Private)		0.00%	5	0.13%	12	0.33%	1,652	1.92%
Mental Health Provider (Public or Private)	77	1.91%	72	1.90%	84	2.33%	1,896	2.20%
One-stop Employment/Training Centers	114	2.82%	121	3.19%	94	2.61%	1,936	2.25%
Other Sources	53	1.31%	45	1.19%	46	1.28%	1,054	1.22%
Other State Agencies	757	18.73%	505	13.31%	411	11.40%	6,099	7.08%
Other VR State Agencies	19	0.47%	55	1.45%	81	2.25%	636	0.74%

Referral Sources	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Public Housing Authority		0.00%	2	0.05%	3	0.08%	261	0.30%
Self-referral	1	0.02%		0.00%	3	0.08%	15	0.02%
Social Security Administration (Disability Determination Service or District office)	1,052	26.03%	855	22.53%	782	21.69%	14,829	17.21%
State Department of Correction/Juvenile Justice	14	0.35%	13	0.34%	10	0.28%	328	0.38%
State Employment Service Agency	2	0.05%	7	0.18%	4	0.11%	522	0.61%
Veteran's Administration		0.00%	3	0.08%	9	0.25%	67	0.08%
Welfare Agency (State or local government)	1	0.02%	3	0.08%		0.00%	13	0.02%
Worker's Compensation	9	0.22%	7	0.18%	2	0.06%	555	0.64%

Table 4.7 (IN-C) Reason for Closure Codes for Individuals with Disabilities under Age 25 at Exit—FFYs 2014–2016

Reason for Closure	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Achieved employment outcome	1,256	32.34%	1,065	28.86%	892	25.30%	29,393	35.55%
Unable to locate or contact	648	16.68%	723	19.59%	879	24.94%	18,723	22.65%
Transportation not feasible or available	7	0.18%	10	0.27%	3	0.09%	114	0.14%
Does not require VR services	38	0.98%	7	0.19%	10	0.28%	579	0.70%
Extended services not available	1	0.03%	1	0.03%	1	0.03%	87	0.11%
All other reasons	760	19.57%	589	15.96%	500	14.18%	6,857	8.29%
Extended employment		0.00%	1	0.03%		0.00%	62	0.07%
Individual in institution, other than a prison or jail	13	0.33%	5	0.14%	6	0.17%	179	0.22%
Individual is incarcerated in a prison or jail	15	0.39%	20	0.54%	13	0.37%	390	0.47%
Disability too significant to benefit from VR services	36	0.93%	35	0.95%	18	0.51%	501	0.61%
No longer interested in receiving services or further services	1,106	28.48%	1,227	33.25%	1,198	33.99%	25,623	30.99%
Death	4	0.10%	7	0.19%	5	0.14%	168	0.20%

Table 5.1.a (IN-C) Supported Employment Outcomes for All Individuals with Disabilities—FFYs 2014–2016

All Individuals with Disabilities with Supported Employment Outcomes	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Supported employment outcomes	974	22.25%	1012	24.66%	640	17.05%	9673	11.67%
Average hourly wage for supported employment outcomes	\$8.21		\$ 8.37		\$ 8.87		\$ 9.07	
Average hours worked per week for supported employment outcomes	21.13		24.16		20.97		22.48	
Competitive supported employment outcomes	974	100.00%	1012	100.00%	640	100.00%	9099	94.07%
Average hourly earnings for competitive supported employment outcomes	\$8.21		\$ 8.37		\$ 8.87		\$ 9.30	
Average hours worked per week for competitive supported employment outcomes	21.13		21.31		20.97		22.23	
Competitive supported employment outcomes at 35 or more hours per week	111	11.40%	91	8.99%	62	9.69%	1335	13.80%
Competitive supported employment outcomes meeting SGA	162	16.63%	169	16.70%	106	16.56%	2276	23.53%
Competitive supported employment outcomes with employer-provided medical	54	5.54%	48	4.74%	44	6.88%	338	3.49%

All Individuals with Disabilities with Supported Employment Outcomes	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
insurance								

**Table 5.1.b (IN-C) Supported Employment Outcomes for Individuals with Disabilities
under Age 25 at Exit—FFYs 2014–2016**

Individuals under Age 25 with Disabilities with Supported Employment Outcomes	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Supported employment outcomes	464	36.94%	467	43.85%	308	34.53%	3965	13.49%
Average hourly wage for supported employment outcomes	\$8.07		\$8.20		\$8.76		8.77	
Average hours worked per week for supported employment outcomes	20.86		21.03		21.09		21.92	
Competitive supported employment outcomes	464	100.00%	467	100.00%	308	100.00%	3750	94.58%
Average hourly earnings for competitive supported employment outcomes	\$8.07		\$8.20		\$8.76		8.94	
Average hours worked per week for competitive supported employment outcomes	20.86		21.03		21.09		21.75	
Competitive supported employment outcomes at 35 or more hours per week	52	11.21%	38	8.14%	30	9.74%	489	12.33%
Competitive supported employment outcomes	75	16.16%	71	15.20%	53	17.21%	821	20.71%

Individuals under Age 25 with Disabilities with Supported Employment Outcomes	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
meeting SGA								
Competitive supported employment outcomes with employer-provided medical insurance	23	4.96%	22	4.71%	25	8.12%	215	5.42%

Table 5.2.a (IN-C) Select VR and Supported Employment Services Provided for Individuals with Disabilities with Supported Employment Outcomes- FFYs 2014-2016

Training Services	2014	2014 Percent	2015	2015 Percent	2016	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total number of SE	974		1012		640		9673	
College or university training	15	1.50%	24	2.40%	18	2.80%	32	0.30%
Four-year or university training	0	0.00%	1	0.10%	1	0.20%	116	1.20%
Junior or community college training	0	0.00%	2	0.20%	1	0.20%	124	1.30%
Occupational or vocational training	14	1.40%	24	2.40%	16	2.50%	423	4.40%
On-the-job training	20	2.10%	14	1.40%	10	1.60%	239	2.50%
Apprenticeship training	0	0.00%	0	0.00%	2	0.30%	7	0.10%
Basic academic remedial or literacy training	0	0.00%	1	0.10%	0	0.00%	78	0.80%
Job readiness training	98	10.10%	88	8.70%	72	11.30%	1,928	19.90%
Disability-related skills training	13	1.30%	15	1.50%	8	1.30%	153	1.60%

Training Services	2014	2014 Percent	2015	2015 Percent	2016	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Miscellaneous training	71	7.30%	78	7.70%	62	9.70%	804	8.30%
Assessment	932	95.70%	965	95.40%	594	92.80%	5,992	61.90%
Diagnosis and treatment of impairment	98	10.10%	163	16.10%	90	14.10%	1,987	20.50%
Vocational rehab counseling and guidance	974	100.00%	1012	100.00%	640	100.00%	6,718	69.50%
Job search assistance	904	92.80%	921	91.00%	311	48.60%	4,766	49.30%
Job placement assistance	903	92.70%	916	90.50%	541	84.50%	4,358	45.10%
On-the-job supports-short term	71	7.30%	49	4.80%	336	52.50%	2,911	30.10%
On-the-job supports-SE	936	96.10%	975	96.30%	437	68.30%	6,821	70.50%
Information and referral services	39	4.00%	39	3.90%	30	4.70%	2,005	20.70%
Benefits counseling	299	30.70%	299	29.50%	201	31.40%	1,233	12.70%
Customized employment services	0	0.00%	1	0.10%	1	0.20%	98	1.00%
Transportation	299	30.70%	378	37.40%	294	45.90%	2,769	28.60%
Maintenance	17	1.70%	376	37.20%	264	41.30%	2,324	24.00%
Rehabilitation technology	45	4.60%	42	4.20%	35	5.50%	568	5.90%
Reader services	1	0.10%	0	0.00%	0	0.00%	1	0.00%
Interpreter services	11	1.10%	3	0.30%	7	1.10%	89	0.90%
Personal attendant services	1	0.10%	6	0.60%	0	0.00%	11	0.10%
Technical assistance services	29	3.00%	21	2.10%	5	0.80%	28	0.30%
Other services	435	44.70%	273	27.00%	122	19.10%	1,674	17.30%

Table 5.2.b (IN-C) Select VR and Supported Employment Services Provided for Individuals with Disabilities under Age 25 at Exit with Supported Employment Outcomes- FFYs 2014-2016

Training Services	2014	2014 Percent	2015	2015 Percent	2016	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total number of SE	464		467		308		3,965	
College or university training	9	1.90%	12	2.60%	9	2.90%	15	0.40%
Four-year or university training	0	0.00%	0	0.00%	0	0.00%	51	1.30%
Junior or community college training	0	0.00%	1	0.20%	1	0.30%	69	1.70%
Occupational or vocational training	9	1.90%	9	1.90%	8	2.60%	183	4.60%
On-the-job training	9	1.90%	4	0.90%	5	1.60%	122	3.10%
Apprenticeship training	0	0.00%	0	0.00%	1	0.30%	4	0.10%
Basic academic remedial or literacy training	0	0.00%	0	0.00%	0	0.00%	55	1.40%
Job readiness training	70	15.10%	72	15.40%	61	19.80%	1,154	29.10%
Disability-related skills training	6	1.30%	5	1.10%	5	1.60%	80	2.00%
Miscellaneous training	50	10.80%	50	10.70%	43	14.00%	438	11.00%
Assessment	432	93.10%	434	92.90%	273	88.60%	2,653	66.90%
Diagnosis and treatment of impairment	38	8.20%	55	11.80%	37	12.00%	751	18.90%
Vocational rehab counseling and guidance	464	100.00%	467	100.00%	308	100.00%	2,785	70.20%
Job search assistance	409	88.10%	402	86.10%	145	47.10%	1,857	46.80%
Job placement assistance	406	87.50%	401	85.90%	234	76.00%	1,794	45.20%
On-the-job supports-short term	31	6.70%	17	3.60%	142	46.10%	1,310	33.00%
On-the-job supports-SE	449	96.80%	458	98.10%	234	76.00%	2,742	69.20%
Information and referral services	25	5.40%	17	3.60%	16	5.20%	883	22.30%
Benefits counseling	120	25.90%	118	25.30%	88	28.60%	451	11.40%

Training Services	2014	2014 Percent	2015	2015 Percent	2016	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Customized employment services	0	0.00%	1	0.20%	1	0.30%	40	1.00%
Transportation	131	28.20%	171	36.60%	146	47.40%	1,120	28.20%
Maintenance	6	1.30%	169	36.20%	116	37.70%	834	21.00%
Rehabilitation technology	16	3.40%	16	3.40%	21	6.80%	208	5.20%
Reader services	0	0.00%	0	0.00%	0	0.00%	1	0.00%
Interpreter services	2	0.40%	2	0.40%	5	1.60%	37	0.90%
Personal attendant services	0	0.00%	3	0.60%	0	0.00%	5	0.10%
Technical assistance services	12	2.60%	8	1.70%	3	1.00%	10	0.30%
Other services	464		467		308		3,965	

**Table 5.3.a (IN-C) Elapsed Time from Application to Eligibility for All Individuals with Disabilities
Who Achieved Supported Employment Outcomes—FFYs 2014–2016**

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 60 days	828	85.01%	834	82.41%	534	83.44%	8,277	85.57%
61 – 90 days	100	10.27%	114	11.26%	67	10.47%	633	6.54%
91 – 120 days	21	2.16%	31	3.06%	20	3.13%	291	3.01%
121 – 180 days	14	1.44%	16	1.58%	8	1.25%	250	2.58%
181 – 365 days	9	0.92%	17	1.68%	6	0.94%	169	1.75%
More than 1 year	2	0.21%		0.00%	5	0.78%	53	0.55%
Total SE	974		1,012		640		9,673	

**Table 5.3.b (IN-C) Elapsed Time from Application to Eligibility for Individuals with Disabilities
under Age 25 at Exit Who Achieved Supported Employment Outcomes—FFYs 2014–2016**

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 60 days	387	83.41%	373	79.87%	257	83.44%	3,284	82.82%
61 – 90 days	56	12.07%	58	12.42%	4	1.30%	292	7.36%
91 – 120 days	10	2.16%	18	3.85%	3	0.97%	149	3.76%
121 – 180 days	6	1.29%	9	1.93%	33	10.71%	125	3.15%
181 – 365 days	3	0.65%	9	1.93%	8	2.60%	87	2.19%
More than 1 year	2	0.43%		0.00%	3	0.97%	28	0.71%
Total SE	464		467		308		3,965	

**Table 5.4.a (IN-C) Elapsed Time from Eligibility to IPE for All Individuals with Disabilities
who Achieved Supported Employment Outcomes—FFYs 2014–2016**

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 3 months	701	71.97%	718	70.95%	443	69.22%	7,647	79.06%
4-6 months	4	0.41%	12	1.19%	7	1.09%	1,137	11.75%
7-9 months	227	23.31%	240	23.72%	164	25.63%	406	4.20%
10-12 months	40	4.11%	40	3.95%	26	4.06%	185	1.91%
More than 12 months	701	71.97%	718	70.95%	443	69.22%	7,647	79.06%
Total SE	4	0.41%	12	1.19%	7	1.09%	1,137	11.75%

**Table 5.4.b (IN-C) Elapsed Time from Eligibility to IPE for Individuals with Disabilities
under Age 25 at Exit Who Achieved Supported Employment Outcome—FFYs 2014–2016**

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 3 months	310	66.81%	296	63.38%	200	64.94%	3,004	75.76%
4-6 months	122	26.29%	135	28.91%	90	29.22%	556	14.02%
7-9 months	29	6.25%	24	5.14%	13	4.22%	190	4.79%
10-12 months	3	0.65%	10	2.14%	5	1.62%	85	2.14%
More than 12 months		0.00%	2	0.43%		0.00%	130	3.28%
Total SE	464		467		308		3,965	

**Table 5.5.a (IN-C) Elapsed Time from IPE to Closure for All Individuals with Disabilities
Who Achieved Supported Employment Outcomes—FFYs 2014–2016**

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 3 months	24	2.46%	13	1.28%	1	0.16%	246	2.54%
4 – 6 months	197	20.23%	173	17.09%	39	6.09%	1,555	16.08%
7 – 9 months	192	19.71%	193	19.07%	99	15.47%	1,713	17.71%
10 – 12 months	133	13.66%	155	15.32%	112	17.50%	1,251	12.93%
13 - 24 months	243	24.95%	293	28.95%	227	35.47%	2,558	26.44%
25 – 36 months	93	9.55%	87	8.60%	86	13.44%	1,024	10.59%
37 – 60 months	70	7.19%	64	6.32%	49	7.66%	911	9.42%
More than 5 years	22	2.26%	34	3.36%	27	4.22%	415	4.29%
More than 10 years		0.00%		0.00%		0.00%		0.00%
Total SE	974		1,012		640		9,673	

Table 5.5.b (IN-C) Elapsed Time from IPE to Closure for Individuals with Disabilities under Age 25 at Exit who Achieved Supported Employment Outcomes—FFYs 2014–2016

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 3 months	9	1.94%	2	0.43%		0.00%	65	1.64%
4 – 6 months	90	19.40%	78	16.70%	17	5.52%	464	11.70%
7 – 9 months	94	20.26%	90	19.27%	46	14.94%	612	15.44%
10 – 12 months	58	12.50%	65	13.92%	50	16.23%	472	11.90%
13 - 24 months	126	27.16%	144	30.84%	110	35.71%	1,134	28.60%
25 – 36 months	52	11.21%	44	9.42%	49	15.91%	549	13.85%
37 – 60 months	31	6.68%	34	7.28%	30	9.74%	526	13.27%
More than 5 years	4	0.86%	10	2.14%	6	1.95%	143	3.61%
More than 10 years		0.00%		0.00%		0.00%		0.00%
Total SE	464		467		308		3,965	

Fiscal Data Tables for Focus Area VI

**State Vocational Rehabilitation Services Program
Federal Fiscal Year (FFY) 2017
Monitoring and Technical Assistance Guide**

Table 6.1 Indiana-Combined (IN-C) VR Resources and Expenditures—FFYs 2014–2016

VR Resources and Expenditures	2014	2015	2016*
Total program expenditures	\$62,601,332	\$68,308,472	\$45,986,893
Federal expenditures	\$49,266,827	\$53,758,763	\$29,932,922
State agency expenditures (4 th quarter)	\$15,108,256	\$16,082,972	\$16,053,971
State agency expenditures (latest/final)	\$13,334,505	\$14,549,709	\$16,053,971
Federal formula award amount	\$74,235,848	\$74,769,663	\$75,985,951
MOE penalty from prior year	\$0	\$2,978,480	\$1,618,127
Federal award amount relinquished during reallocation	\$14,500,000	\$15,500,000	\$14,500,000
Federal award amount received during reallocation	\$0	\$0	\$0
Federal funds transferred from State VR agency	\$0	\$0	\$0
Federal funds transferred to State VR agency	\$0	\$0	\$0
Federal award amount (net)	\$59,735,848	\$56,291,183	\$59,867,824
Federal award funds deobligated	\$10,469,021	\$0	\$0
Federal award funds used	\$49,266,827	\$56,291,183	\$59,867,824
Percent of formula award amount used	66.37%	75.29%	78.79%
Federal award funds matched but not used	\$1,978	-\$2,532,399	-\$551,039

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

Table 6.1 Indiana-Combined (IN-C) VR Resources and Expenditures—Descriptions, Sources and Formulas

VR Resources and Expenditures	Source/Formula
Total program expenditures	The sum of the Federal and non-Federal expenditures. Source/Formula: Table 6.1: Federal expenditures plus State expenditures (latest/final)
Federal expenditures	The cumulative amount of disbursements from Federal funds. Source/Formula: SF-425 line 10e from latest/final report
State expenditures (4 th quarter)	The cumulative amount of disbursements and unliquidated obligations from State funds through September 30 th of the award period. Source/Formula: SF-425 line 10j from 4 th quarter report
State expenditures (latest/final)	The cumulative amount of disbursements and unliquidated obligations from State funds as reported on the agency’s latest or final SF-425 report. Final reports do not include unliquidated obligations. Source/Formula: SF-425 line 10j from latest/final report
Federal formula award amount	The amount of the Federal funds available to the agency based on the formula mandated in the Rehabilitation Act. Formula/Source: Federal formula award calculation
MOE penalty from prior year	The amount of the Maintenance of Effort (MOE) deficit from the previous FFY which resulted in a MOE penalty against the current FFY. Source/Formula: Table 6.2: MOE difference from prior year
Federal award amount relinquished during reallocation	Amount of Federal award voluntarily relinquished through the reallocation process. Formula/Source: RSA-692
Federal award received during reallocation	Amount of funds received through the reallocation process. Source/Formula: RSA-692
Federal funds transferred from State VR agency	Amount of award funds transferred from State VR agencies (Blind to General or General to Blind). Formula/Source: Agency transfer request documentation
Federal funds transferred to State VR agency	Amount of award funds transferred to State VR agencies (Blind to General or General to Blind). Formula/Source: Agency transfer request documentation
Federal award amount (net)	Federal award amount available after accounting for adjustments to award (e.g., MOE penalties, relinquishment, reallocation and transfers).

VR Resources and Expenditures	Source/Formula
	<p>Formula/Source: Federal formula award calculation, RSA-692, agency documentation, SF-425 : Federal formula calculation minus MOE penalty minus funds relinquished in reallocation plus funds received in reallocation plus funds transferred from agency minus funds transferred to agency</p>
Federal award funds deobligated	<p>Federal award funds deobligated at the request of the agency or as part of the award closeout process. These funds may include matched or unmatched Federal funds. Source/Formula: Agency deobligation request documentation, G5 closeout reports</p>
Federal award funds used	<p>Amount of Federal award funds expended. Source/Formula: Federal formula calculation, RSA-692, agency documentation, SF-425 lesser of the 4th quarter or latest/final: Federal award amount (net) (calculation above) minus Federal award funds deobligated</p>
Percent Federal formula award used	<p>Percent of Federal formula award funds used. Source/Formula: Federal award funds used (calculation above) divided by Federal formula award amount</p>
Federal award funds matched but not used	<p>This represents unused Federal award funds for which the agency provided match. Source/Formula: Table 6.2 Federal award funds matched (actual) minus Table 6.1 Federal award funds used</p>

Table 6.2 Indiana-Combined (IN-C) Non-Federal Share and Maintenance of Effort—FFYs 2014–2016

Non-Federal Share (Match) and Maintenance of Effort (MOE)	2014	2015	2016*
Match required per net award amount	\$16,167,390	\$16,037,923	\$16,641,052
Match provided (actual)	\$13,334,505	\$14,549,709	\$16,053,971
Match difference**	\$2,832,885	\$1,488,214	\$587,081
Federal funds matched (actual)	\$49,268,805	\$53,758,784	\$59,316,785
Percent Federal funds matched	82.48%	93.52%	96.47%
Match from State appropriation	\$13,334,505	\$14,549,709	\$16,053,971
Percent match from State appropriation	100.00%	100.00%	100.00%
Match from Third-Party Cooperative Arrangements (TPCA)	-	-	-
Percent match from TPCAs	0.00%	0.00%	0.00%
Match from Randolph-Sheppard program	-	-	-
Percent match from Randolph-Sheppard Program	0.00%	0.00%	0.00%
Match from interagency transfers	-	-	-
Percent match from interagency transfers	0.00%	0.00%	0.00%
Match from other sources	-	-	-
Percent match from other sources	0.00%	0.00%	0.00%
MOE required	\$15,120,428	\$13,219,021	\$13,334,505
MOE: Establishment/construction expenditures	-	-	-
MOE actual	\$13,334,505	\$14,549,709	\$16,053,971
MOE difference**	\$1,785,923	-\$1,330,688	-\$2,719,466

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

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

Table 6.2 Indiana-Combined (IN-C) Non-Federal Share and Maintenance of Effort—Descriptions, Sources and Formulas

Non-Federal Share (Match) and Maintenance of Effort (MOE)	Source/Formula
Match required per net award amount	Non-Federal funds required based upon the net amount of the Federal award. Source/Formula: (Table 6.1 Federal award amount net divided by 0.787) multiplied by 0.213
Match provided (actual)	Amount of match (non-Federal share) provided, by the agency. Source/Formula: SF-425 line 10j lesser of the 4 th quarter or latest/final
Match difference**	The difference between match required to access the net Federal award funds and the actual amount of match provided by agency. Source/Formula: SF-425 lesser of the 4 th quarter or latest/final: ((Federal formula award amount divided by 0.787) multiplied by 0.213) minus SF-425 line 10j
Federal funds matched (actual)	Total amount of Federal funds the agency was able to match based upon the non-Federal share reported. The maximum amount of Federal funds the agency can access is limited to the Federal grant award amount. Source/Formula: (Match provided actual divided by .213) multiplied by .787
Percent of Federal funds matched	Percent of Federal funds matched. Source/Formula: Federal funds matched divided by Federal award amount net
Match from State appropriation	Match amount from State appropriation. Source/Formula: Data provided by State
Percent match from State appropriation	Match amount from State appropriation expressed as a percentage of total match provided. Source/Formula: Match from State appropriation divided by SF-425 line 10j
Match from TPCAs	Match amount from Third-Party Cooperative Arrangements (TPCAs). Source/Formula: Data provided by State
Percent match from TPCAs	Match amount from Third-Party Cooperative Arrangements (TPCAs) expressed as a percentage of total match provided. Source/Formula: Match from TPCAs divided by SF-425 line 10j

Non-Federal Share (Match) and Maintenance of Effort (MOE)	Source/Formula
Match from Randolph-Sheppard program	Match amount from Randolph-Sheppard program. Source/Formula: Data provided by State
Percent match from Randolph-Sheppard Program	Match amount from Randolph-Sheppard program expressed as a percentage of total match provided. Source/Formula: Match from Randolph-Sheppard Program divided by SF-425 line 10j
Match from interagency transfers	Match amount from interagency transfers. Source/Formula: Data provided by State
Percent match from interagency transfers	Match amount from interagency transfers expressed as a percentage of total match provided. Source/Formula: Match from interagency transfers divided by SF-425 line 10j
Match from other sources	Match amount from all sources of match not previously listed. Source/Formula: Data provided by State
Percent match from other sources	Match amount from all other sources expressed as a percentage of total match provided. Source/Formula: Match from other sources divided by SF-425 line 10j
Maintenance of Effort (MOE) required	Maintenance of effort (MOE) is the level of non-Federal expenditures established by the State's non-Federal expenditures two years prior, i.e. Recipient Share of Expenditures. Source/Formula: SF-425 4 th quarter or latest/final report: line 10j minus line 12a
MOE: Establishment / construction expenditures	Non-Federal share of expenditures for construction of facilities for community rehabilitation program (CRP) purposes and the establishment of facilities for community rehabilitation purposes. Source/Formula: SF-425 latest/final report: line 12a
MOE actual	Non-Federal share provided by agency minus establishment/construction expenditures for CRPs. Source/Formula: SF:425: Match provided actual minus establishment/construction expenditures

Non-Federal Share (Match) and Maintenance of Effort (MOE)	Source/Formula
MOE difference**	The difference between MOE required and the actual MOE provided. Source/Formula: MOE required minus MOE actual

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

Table 6.3 Indiana-Combined (IN-C) Program Income and Carryover—FFYs 2014–2016

Program Income and Carryover	2014	2015	2016*
Program income received	\$4,547,561	\$2,458,573	\$3,734,276
Program income disbursed	\$4,547,561	\$2,458,573	\$3,734,276
Program income transferred	\$1,130,118	\$1,369,968	\$1,143,945
Program income used for VR program	\$3,417,443	\$1,088,605	\$2,590,331
Federal grant amount matched	\$59,735,848	\$56,291,183	\$59,867,824
Federal expenditures and unobligated funds 9/30	\$31,583,157	\$34,196,698	\$29,932,922
Carryover amount	\$6,394,156	\$6,506,025	\$2,414,313
Carryover as percent of award	10.70%	11.56%	4.03%

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

Table 6.3 Indiana-Combined (IN-C) Program Income and Carryover—Descriptions, Sources and Formulas

Program Income and Carryover	Source/Formula
Program income received	Total amount of Federal program income received by the grantee. Source/Formula: SF-425 latest/final line 10l
Program income disbursed	Amount of Federal program income disbursed, including transfers. Source/Formula: SF-425 latest/final: line 10m plus line 10n
Program income transferred	Amount of Federal program income transferred to other allowable programs. Source/Formula: SF-425 latest/final: line 12e plus line 12f plus line 12g plus line 12h
Program income used for VR program	Amount of Federal program income utilized for the VR program. Source/Formula: SF-425 latest/final: Program income expended minus program income transferred
Federal grant amount matched	Federal funds an agency is able to draw down based upon on reported non-Federal share not to exceed net award amount. Source/Formula: Table 6.2 Federal funds matched actual
Federal expenditures and unobligated funds 9/30	Federal funds expended by 9/30 of the FFY of appropriation. This does not include unliquidated obligations. Source/Formula: SF-425 4 th quarter: line 10e
Carryover amount	The amount of Federal funds matched that the grantee did not liquidate, by 9/30 of the FFY of appropriation. This includes any unliquidated Federal obligations as of 9/30. Source/Formula: G5 Reports run as of 9/30 of the FFY of appropriation.
Carryover as percent of award	Amount of carryover expressed as a percentage of total Federal funds available. Source//Formula: G5, SF-425 latest/final: Carryover amount divided by Federal net award amount.

Table 6.4 Indiana-Combined (IN-C) RSA-2 Expenditures—FFYs 2014–2016*

RSA-2 Expenditures	2014	2015	2016
Total expenditures	\$62,410,486	\$61,053,791	\$63,661,072
Administrative costs	\$10,389,785	\$10,852,988	\$11,426,762
Administration as Percent expenditures	16.65%	17.78%	17.95%
Purchased services expenditures	\$40,305,169	\$38,041,908	\$39,947,334
Purchased services as a Percent expenditures	64.58%	62.31%	62.75%
Services to groups	\$742,786	\$1,176,049	\$823,380
Services to groups percentage	1.19%	1.93%	1.29%

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

Table 6.4 Indiana-Combined (IN-C)- RSA-2 Expenditures—Descriptions, Sources and Formulas*

RSA-2 Expenditures	Sources/Formula
Total expenditures	All expenditures from Federal, State and other rehabilitation funds (including VR, supported employment, program income, and carryover from previous FFY). This includes unliquidated obligations. Source: RSA-2: Schedule 1.4
Administrative costs	Total amount expended on administrative costs under the VR program. Source/Formula: RSA-2: Schedule 1.1
Administration as percent of expenditures	Administrative costs expressed as a percentage of all expenditures. Source/Formula: Administrative costs divided by total expenditures
Purchased services expenditures	Expenditures made for services purchased by the agency. Source/Formula: RSA-2: Schedule 1.2.B
Purchased services as a percent of expenditures	Purchased services expressed as a percentage of total expenditures. Source/Formula: Purchased services expenditures divided by total expenditures
Services to groups	Expenditures made by the agency for the provision of VR services for the benefit of groups of individuals with disabilities. Source/Formula: RSA-2: Schedule 1.3
Services to groups percentage	Services to groups expressed as a percentage of total expenditures. Source/Formula: Services to groups divided by total expenditures

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

APPENDIX B: DOCUMENTATION REVIEW RESULTS

Data Element	Number with required documentation	Number without required documentation	Percent with required documentation	Percent without required documentation
Date of Application	30	0	100%	---
Date of Eligibility Determination	30	0	100%	---
Date of IPE	29	1	97%	3%
Start Date of Employment in Primary Occupation at Exit or Closure	30	0	100%	---
Weekly Earnings at Exit or Closure	26	4	87%	13%
Employment Status at Exit or Closure	29	1	97%	3%
Type of Exit or Closure	11	19	37%	63%
Date of Exit or Closure	1	29	3%	97%

Summary	Number (of 30)	Percent (of 30)
Files with all required documentation	1	3%
Files with documentation for four or more data elements	30	100%
Files with no required documentation	0	0%

APPENDIX C: AGENCY RESPONSE

A. Overview

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

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

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

B. Agency Responses

Recommendations

2.1 Attrition

- 2.1.1 Conduct surveys of individuals who exit the VR program after eligibility is determined but before IPEs are developed to determine the reasons why these individuals are withdrawing from the program;
- 2.1.2 Based on the information obtained through this survey, develop goals with measurable targets to decrease the number of individuals exiting the VR program at this stage of the process and strategies to achieve these goals; and
- 2.1.3 Assess barriers and challenges to timely IPE development and provide staff training to address barriers.

Agency Response: BRS recognizes the need for improved attrition, and appreciates that RSA included factors that impacted attrition as discussed during the on-site monitoring visit, such as insufficient staffing resources and poor staff retention. For clarification, BRS has already implemented several strategies to work toward improved attrition, including the following: Using case coordinators to gather information and documentation to be used in making an eligibility determination; piloting the use of experienced VR counselors as intake counselors to make timely eligibility determinations and development of the IPE; evaluating and measuring performance in VR counselor performance appraisals; and using case management reports to address timely provision of services and to inform management of training needs.

VR case coordinator positions were developed at the end of 2014 and each VR field office has, on average, one (1) VR case coordinator for every three (3) VR Counselor positions. The piloted use of Intake VR Counselors was implemented in 2016. Based on the success of this pilot, as of July, 2017, each VR field office now has designated intake VR Counselors. Furthermore, BRS evaluates VR counselor performance through quarterly review meetings and annual performance evaluations, which include measures for timeliness such as timely determination of eligibility and timely development of IPEs. Additionally, reports are regularly pulled from IRIS, the VR case management system, to assist with case management tasks such as identification of eligibility determinations and IPE or IPE amendments that are due or past due. Despite these measures, it has been challenging for staff to consistently meet performance expectations due to the high number of VR Counselor vacancies and low retention rate of VR Counselors, resulting in high caseloads for employed VR Counselors. BRS requests that RSA consider including language regarding BRS' recent implementation of order of selection, which is a recent action step BRS has taken to address challenges with staffing resources. At the time of the on-site monitoring visit, RSA had provided feedback to BRS regarding BRS' amendment to the VR section of the Unified WIOA State Plan, including justification for the order of selection. On June 30, 2017, RSA gave approval to BRS to implement the order of selection. BRS greatly appreciates all of the feedback provided by RSA during this process. BRS will continue to identify and implement strategies to increase staffing capacity, which BRS believes is a primary contributing factor to the current attrition rate. Additional strategies will be explored to further improve timeliness to ensure that VR applicants and eligible individuals are able to access necessary VR services in a timely manner.

RSA Response: RSA included current strategies implemented by BRS in Observation 2.1 to address attrition. RSA appreciates the additional information provided by BRS and its dedication to addressing the reasons for attrition and decreasing the numbers of individuals exiting the VR system at multiple stages of the VR process.

Technical Assistance: BRS is not requesting technical assistance

2.2 Employment Outcomes

- 2.2.1 Develop measurable goals and strategies to improve the agency's employment rate; and
- 2.2.2 Evaluate the decline in services and determine if necessary services are being provided to assist individuals with achieving quality employment, including job search and placement services.

Agency Response: BRS thanks RSA for the recommendations. BRS recognizes a need to increase not only the employment rate, but also the quality of employment outcomes for individuals exiting the VR system. BRS has implemented numerous strategies to work toward improving the quality and quantity of competitive, integrated employment outcomes, including the strategies outlined below, and will continue to identify additional strategies to improve the employment rate.

- An evaluation of the VR employment services model (please visit [this link to review](#) - includes three quarterly evaluation reports linked under 'additional resources').
- Partnering with Indiana University, Indiana Institute on Disability and Community (IIDC) to revise the training curriculum for employment specialists, provide training on discovery, supported employment, and a variety of other topics.
- Partnering with IIDC to provide individualized technical assistance to Community Rehabilitation Programs (CRPs) to address areas of improvement in the delivery of employment services.
- Partnering with HANDS in Autism to develop a three-day 'hands-on' workshop to assist CRP staff to develop critical foundational skills, including techniques for supporting an individual with a most significant disability on the job site.
- Entering into contracts with 47 CRPs for Establishment projects to enhance capacity for the provision of quality employment services, including supported employment, with the objective of improving the quality and quantity of competitive, integrated employment outcomes. Training is a major focus of this initiative, particularly hands-on, foundational skills training.

BRS will also work to evaluate any decline in the provision of specific services; however, it is important to note that the data reflecting a decline in the number of individuals receiving job search and placement services from 2014 to 2016 is impacted by a major systems change that was implemented July, 2015. These changes resulted in a revision to how services are categorized on the RSA-911, and thus services conducted after July, 2015 are reported differently than services reported prior to this date. This system change shifted the employment services structure from a purely milestone-outcome based model, to a 'hybrid' structure, blending milestone-outcome payments with buildable, individualized, hourly fee-for-service funding for discovery activities and supported

employment services. The primary objective of these revisions was to shift to an employment service model that was consumer-centric, individualized, flexible, and increased focus on quality of services and outcomes. The current structure is more responsive to all VR consumers, including those with the most significant disabilities, and eliminates barriers and unintended consequences that existed with the prior structure. An additional impact of this major systems change to VR employment services was CRP capacity to serve individuals and meet new expectations of the system revisions. Many CRPs face staffing capacity challenges, resulting in the development of waiting lists and a need for additional staffing to carry out BRS' expectations, which may be another factor to consider in review of the data. BRS recently initiated Establishment projects with 47 CRPs to assist in enhancing staffing capacity as well as enhancing CRP staff skills through foundational skills training.

While there may be several factors impacting the data, BRS will further evaluate any decline in service provision and identify appropriate strategies to ensure that individuals can access the services they need to achieve competitive, integrated employment.

RSA Response: RSA appreciates BRS' efforts to increase the number of individuals served by BRS who achieve quality employment outcomes, decrease the number of individuals who exit the VR system without achieving employment, and improve BRS' overall rehabilitation rate.

Technical Assistance: BRS is not requesting technical assistance

2.3 Individuals Served and Outcomes by Type of Disability

- 2.3.1 Evaluate the percentage of individuals served by BRS to determine if it is serving individuals from unserved or underserved populations;
- 2.3.2 Develop and implement outreach plans and methods to improve service delivery access to individuals from unserved and underserved populations; and
- 2.3.3 Identify and assess barriers and challenges to achieving employment and develop strategies to improve the employment rate for all populations served.

Agency Response: BRS thanks RSA for the recommendations. BRS will evaluate the population served to identify unserved or underserved populations and, as appropriate, identify and implement strategies to improve outreach and service delivery to these populations. BRS recognizes a need to identify and assess barriers and challenges to achieving employment for all populations, and

identify and implement strategies to improve the employment rate for all individuals. As BRS implemented order of selection on August 1, 2017, and has one category open - Priority Category 1, Most Significant Disability, it will be particularly beneficial for BRS to focus efforts on developing strategies to improve employment outcomes for this population. BRS has implemented strategies to begin to address this need through the previously mentioned Establishment projects intended to improve CRP capacity and skills in serving this population, and through evaluation of employment services provision and outcomes. However, BRS recognizes that additional strategies to identify and assess barriers to achieving employment should be identified.

RSA Response: RSA appreciates BRS' willingness to evaluate unserved and underserved populations and its willingness to identify and develop strategies to improve outreach, service delivery and employment outcomes for these populations.

Technical Assistance: BRS is not requesting technical assistance.

2.4. Service Record Review Process

- 2.4.1 Expand written internal control policies and procedures for the accuracy and validity of data reported through the RSA-911, specifically for maintaining verifying documentation in an individual's case file, particularly regarding eligibility determinations, development of the IPE, services provided, and service record closure;
- 2.4.2 Develop a QA process for the review of service records in each region on an annual basis by staff not functioning as VR counselor supervisors, such as central office staff or regional managers from different regions;
- 2.4.3 Review and develop instrumentation for conducting service record reviews; and
- 2.4.4 Develop mechanisms to collect and aggregate the results of the review process and use the results to inform the design and evaluation of training.

Agency Response: BRS thanks RSA for the recommendations. As BRS works toward development and implementation of a new case management system (AWARE) over the next several months, a more comprehensive QA process will be incorporated into the new system. In the interim, BRS is making efforts to enhance the QA process that was in place during the 2014-2016 monitoring period, which included Supervisor review of 75% of IPE's developed by VR Counselors (100% of IPE's for VR Counselors in probationary status), as well as requirements for Supervisory review and approval of fiscal authorizations and claims. Further information about the internal control process in place during the monitoring period is outlined in a document called 'Fiscal Internal Controls for VR Services' which was shared with RSA. With the recent implementation of order of selection on August 1, 2017, BRS adopted a new requirement for Supervisors to review 100% of eligibility and severity determinations made by VR Counselors. IRIS, the VR case

management system, includes functionality that ensures that VR Counselor eligibility determinations and IPE's are routed to the Supervisor's approval queue in accordance with the current QA practices. The Supervisor must review and sign, or communicate with the VR Counselor any corrections that must be made prior to approval. The information gleaned through Supervisor reviews of eligibility determinations, severity determinations, and IPE's, assists BRS to analyze staff performance and evaluate training needs. BRS recognizes that a gap in the current process is a lack of consistent documentation of eligibility and IPE Supervisory reviews, and will identify strategies to improve upon this.

RSA Response: RSA appreciates BRS acknowledgement of the need to expand upon its current QA practices and develop strategies to ensure accurate and valid data is reported for services provided; adequate case documentation is maintained; and to improve the case review process and use the results to design and evaluate staff training.

Technical Assistance: BRS may request technical assistance as the QA process is designed in the AWARE system.

3.1 Individuals under the age of 25 at exit Exiting the VR System

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

Agency Response: BRS thanks RSA for the recommendations. As stated under Agency Response for section 2.1, BRS attributes attrition to a deficit of staffing resources, which has resulted in recent implementation of order of selection. The Commission on Rehabilitation Services has suggested that BRS conduct customer satisfaction surveys earlier during the VR process, and BRS will consider this recommendation as it develops the new case management system over the next several months. BRS will explore additional strategies to improve services to individuals under the age of 25.

RSA Response: RSA acknowledges BRS' response and its consideration of implementing customer satisfaction surveys at earlier stages of the VR process to determine why individuals under the age of 25 are exiting from the VR system prior to the development of an IPE; and prior to service provision, after an IPE is developed.

Technical Assistance: BRS is not requesting technical assistance

3.2 Employment Outcomes

3.2.1 Develop measurable goals and strategies to improve the agency's employment rate.

Agency Response: BRS thanks RSA for the recommendations. While BRS has implemented several strategies over the past two years, it recognizes the need to identify and implement further actions to improve BRS' employment rate. BRS will be closely evaluating Establishment project contractors' progress toward meeting project objectives and improvement in BRS' employment rate. While enhancements have already been made to employment services training curriculum and training strategies to CRPs and VR staff, in partnership with Indiana University, BRS will identify additional revisions and new strategies to work toward increasing the employment rate. BRS recently partnered with the Hands in Autism program to develop a three-day workshop for CRPs, with a focus on supported employment and job readiness training. This training is designed to build skills of CRP staff to provide improved services, resulting in an increase in the quality and quantity of employment outcomes. Feedback is being obtained from participants and will be evaluated to identify applicable revisions or enhancements to this training. Furthermore, BRS will evaluate CRP progress toward meeting Establishment project objectives, which are designed to improve both the quantity and quality of employment outcomes. Additional strategies will be identified and implemented, as appropriate.

RSA Response: RSA appreciates BRS' heightened emphasis on developing strategies to improve its rehabilitation rate by increasing the number of individuals who achieve employment; and decreasing the number of individuals who exit the VR system without employment.

Technical Assistance: BRS is not requesting technical assistance.

3.3 VR Services Provided to Individuals Under the Age of 25 at Exit and Occupations Achieved

3.3.1 Analyze the provision of services and employment outcomes achieved by individuals

under the age of 25 at exit and determine if VR services provided are aligned with labor market demands in the State of Indiana;

- 3.3.2 Identify career pathways available for individuals under the age of 25 at exit to explore through work-based learning experiences while they are still enrolled in an educational program; and
- 3.3.3 Explore relevant education and training programs, as well as training and employment opportunities with employers, including customized employment.

Agency Response: BRS thanks RSA for the recommendations. BRS has expanded opportunities for VR program participants, including those under age 25, to participate in work-based learning activities to assist participants with career exploration as well as workplace readiness. BRS will also ensure that contractors carrying out pre-employment transition services provide students with information about career pathways, and that students have opportunities to participate in work-based learning experiences. BRS will continue to seek technical assistance from the WINTAC in the provision of pre-employment transition services as needed, including adopting training information and other resources available through the WINTAC that will enhance service provision to students. BRS will identify and implement additional strategies to assist participants under age 25 to explore career pathways and participate in work-based learning.

Additionally, BRS will identify and implement strategies to evaluate service provision and outcomes for participants under age 25, including continued evaluation of the VR employment services model. While VR participants currently have access to several education and training programs, as well as training and employment opportunities with employers (e.g., Project SEARCH locations), BRS acknowledges areas of growth and opportunity and will identify and implement strategies to further enhance these opportunities for participants under age 25.

RSA Response: RSA acknowledges and appreciates BRS' efforts to expand opportunities for recipients of VR services, including students with disabilities, to participate in career exploration, workplace readiness and work-based learning activities.

Technical Assistance: BRS has received technical assistance from the WINTAC on the provision of pre-employment transition services, and will obtain ongoing technical assistance from the WINTAC, as needed.

3.4 Outcomes by Type of Disability

- 3.4.1 Develop and implement outreach plans and methods to improve service delivery access to individuals with intellectual and learning disabilities;
- 3.4.2 Develop and implement a plan to enhance VR counselor and CRP skills to assist individuals with intellectual and learning disabilities; and
- 3.4.3 Identify and assess barriers and challenges to achieving employment and develop strategies to improve the employment rate for all populations served.

Agency Response: BRS thanks RSA for the recommendations, and suggests that recommendation 3.4.2 be expanded to also address a need to develop and implement a plan to enhance CRP skills to assist individuals with intellectual and learning disabilities. Individuals with developmental disabilities are the largest population served by CRPs, representing 36% of all participants served by CRPs. While BRS has implemented numerous strategies to enhance CRP skills as mentioned in the agency response to section 2.2, 2.3. and 3.2 above, BRS will continue to identify and implement strategies to further improve service delivery and the employment rate for all populations served, including those with intellectual and developmental disabilities.

RSA Response: RSA appreciates the additional information provided by BRS and included the recommendation to develop and implement a plan to enhance VR counselor and CRP skills to assist individuals with intellectual and learning disabilities, per BRS' request since it contracts with CRPs for the provision of services for individuals with intellectual and learning disabilities.

Technical Assistance: BRS is not requesting technical assistance.

4.1 Supported Employment Outcomes

- 4.1.1 Consider an evaluation to identify the reasons for the decrease in employment outcomes. Based on the analysis of data, develop goals and strategies to increase employment outcomes.

Agency Response: BRS thanks RSA for the recommendations. BRS has been conducting a formal evaluation over the past year, following implementation of major revisions to the VR employment service model, to identify trends in service provision and the quantity and quality of employment outcomes, including a specific focus on supported employment services. Evaluation reports are posted at IN.gov. The May, 2017 report indicates the following findings: 1. the number of individuals receiving supported employment services is steadily increasing; 2. supported employment utilization is steadily increasing in hours per case; and 3. average wages are

increasing for participant outcomes. Future analysis will include specific provider characteristics and additional evaluation of quality of placements.

Additionally, BRS identified a need to increase CRP capacity and skills to improve the provision of employment services, including supported employment, and to increase the quantity and quality of employment outcomes. BRS entered into Establishment project contracts with CRPs on April 1, 2017 to help address this need. CRPs are required to submit a training plan, and quarterly progress reports including the status of implementing strategies for enhancing staffing and training, as well as submission of several data elements (i.e. length of time from referral to service initiation, utilization of supported employment, employment wages, hours worked, and number of placements). This data will be analyzed to determine CRP progress toward meeting Establishment project performance objectives, and BRS will consider additional measures to evaluate progress toward improving the quantity and quality of employment outcomes as the Establishment project continues.

BRS will continue to evaluate progress in improving the quantity of quality of employment outcomes, including supported employment outcomes, through the two strategies identified above. BRS will work to identify additional strategies to improve outcomes.

RSA Response: RSA appreciates BRS' focus on improving the quantity and quality of employment outcomes, including supported employment. RSA provided guidance and technical assistance specific to the establishment projects referenced in BRS' response above, in Section 5: Focus Area – Allocation and Expenditure of State Vocational Rehabilitation Services and State Supported Employment Services Program Funds.

Technical Assistance: BRS is not requesting technical assistance.

4.2 VR and Supported Employment Services

- 4.2.1 Review the services provided or arranged for under supported employment services and provide clarification and training to staff specific to allowable supported employment services, as such services do not include job search, development or placement services; and
- 4.2.2 Assess the decrease in on-the-job supports (supported employment) and the increase in short-term on-the-job supports, maintenance, and transportation services to determine whether the necessary supports and services are being provided to individuals in need of supported employment services.

Agency Response: BRS thanks RSA for the recommendations. While the manual of VR Employment Services clearly defines the appropriate use of supported employment services, BRS will evaluate the need for additional training on this topic. Please see agency response to recommendation 4.1 for information about BRS' evaluation of employment service provision. BRS will assess the data that reflects a decline in provision of specific services, however believes the data reflects a decline, at least in part, due to a major systems change to the VR employment service model in 2015, and the realignment of BRS service codes to federal service categories as reported on the RSA-911.

RSA Response: RSA appreciates BRS' evaluation of the need for additional clarification and staff training on the provision of supported employment services after an individual with a most significant disability has obtained employment.

Technical Assistance: BRS is not requesting technical assistance.

4.3 The Quality of BRS' Supported Employment Outcomes

4.3.1 Develop measurable goals and strategies to improve the quality of the employment outcomes achieved by individuals with disabilities, including the average hourly wage earned and hours worked per week.

Agency Response: BRS thanks RSA for the recommendation. As stated, BRS has defined specific performance objectives for CRPs who receive funding for Establishment projects to enhance staffing capacity and training, including performance measures related to increased provision of supported employment services. BRS will identify additional strategies to improve the quality of employment outcomes. While BRS has seen some improvement in average wages for supported employment outcomes, BRS recognizes a need to identify and implement additional strategies to improve the quality of outcomes, including increased wages and hours worked.

RSA Response: RSA appreciates BRS' efforts to improve supported employment services and the quality of supported employment outcomes.

Technical Assistance: BRS is not requesting technical assistance.

Corrective Actions to Improve Performance

2.1 Untimely Eligibility Determination

2.1.1 Comply with 34 CFR §361.41(b)(1) by making eligibility determinations within the required 60-day period;

- 2.1.2 Evaluate the effectiveness and efficiency of using VR counselors as intake counselors and determine if this practice has improved recent performance related to timely eligibility determinations;
- 2.1.3. Assess and evaluate VR counselor performance and identify effective practices that ensure timely eligibility determinations are made within 60 days from the date of application, including the use of case management tools for, and supervisory review of, timely eligibility determinations; and
- 2.1.4. Develop procedures for VR counselors and supervisors to track and monitor timely and untimely eligibility determinations.

Agency Response: BRS fully agrees that improvement in the timeliness of eligibility determination is a significant need, and acknowledges that during 2014 to 2016, approximately 19-22% of eligible individuals did not have their eligibility determined within 60 days, compared to an average of 17.4% of individuals with untimely eligibility determinations across all VR agencies. BRS submitted an amendment to the VR section of the WIOA Unified State Plan, outlining factors contributing to a deficit of staffing resources, including an increase in VR referrals, high VR Counselor turnover, high VR Counselor caseloads, the presence of only one University in the state that offers a CORE accredited Rehabilitation program, and other factors. Upon RSA approval of the State Plan amendment, BRS implemented an order of selection on August 1, 2017. BRS believes this deficit of staffing resources is the primary contributing factor to untimely eligibility determination. BRS has and continues to work to improve VR Counselor retention and decrease VR Counselor caseload sizes. BRS will continue to assess the effectiveness of establishing VR Intake Counselors, including impact on improving timely eligibility determinations. VR staff performance evaluations include measures for timeliness, however BRS will review these measures to identify potential enhancements. BRS will continue to identify and implement strategies for increasing staffing capacity to ensure timely eligibility determinations for eligible VR consumers.

RSA Response: RSA maintains the finding and appreciates BRS' commitment to addressing the corrective actions to increase timely eligibility determination made within 60 days from the date of application, for at least 90 percent of individuals determined eligible for VR services.

Technical Assistance: BRS is not requesting technical assistance.

2.2 Untimely Development of the IPE

- 2.2.1 Comply with 34 CFR §§361.45(a)(1) and (e) to ensure IPEs are developed within the 90-day Federal timeframe from date of application;

- 2.2.2 Assess and evaluate current procedures for tracking and monitoring counselor performance and efficient practices used by high performing VR counselors and supervisors to ensure timely IPE development, including the use of case management tools for, and supervisory review of, timely IPE development; and
- 2.2.3 Develop goals and strategies to improve VR counselor performance specific to timely IPE development.

Agency Response: BRS fully agrees that improvement in the timeliness of IPE development is a significant need, and acknowledges that during 2014 to 2016, 29-31% of eligible individuals did not have an IPE developed within 90 days, compared to an average of 25% of individuals with untimely IPEs across all VR agencies. BRS submitted an amendment to the VR section of the WIOA Unified State Plan, outlining factors contributing to a deficit of staffing resources, including an increase in VR referrals, high VR Counselor turnover, high VR Counselor caseloads, the presence of only one University in the state that offers a CORE accredited Rehabilitation program, and other factors. Upon RSA approval of the State Plan, BRS implemented an order of selection on August 1, 2017, as stated above. BRS believes this deficit of staffing resources is the primary contributing factor to untimely IPE development. BRS has and continues to work to improve VR Counselor retention and decrease VR Counselor caseload sizes. VR staff performance evaluations include measures for timeliness, however BRS will review these measures to identify potential enhancements. BRS will continue to identify and implement strategies for increasing staffing capacity to ensure timely IPE development for eligible VR consumers.

RSA Response: RSA maintains the finding and appreciates BRS' commitment to addressing the corrective actions to increase timely development of an IPE within the 90-day Federal timeframe from the date of eligibility, for at least 90 percent of individuals for whom an IPE is developed.

Technical Assistance: BRS is not requesting technical assistance.

2.3 Service Record Closure

- 2.3.1 Develop procedures to ensure and document that the provisions of 34 CFR §361.56 have been met and verified through service record documentation in accordance with 34 CFR §361.47(a), including verified documentation that individuals have sustained satisfactory competitive integrated employment earning at least the minimum wage, prior to determining that they have achieved and maintained stable competitive employment for at least 90 days; and
- 2.3.2 Provide guidance and training to staff that any IPE amendment, including the IPE-FPA, must be signed by the eligible individual, or as appropriate, his or her representative and a qualified VR counselor, before it is effective and can be used to terminate an IPE and discontinue services and that the IPE-FPA is not to be used to document the closure of the service record in accordance with 34 CFR §361.45(d)(7).

Agency Response: BRS understands that its current practice of utilizing a Final Plan Amendment (FPA) to terminate VR services is an agency requirement and is unnecessary for case closure to meet federal requirements, and that BRS' case closure process does not adequately align with federal documentation requirements for termination of VR services. The FPA does not and is not used to amend an individual's IPE and therefore BRS does not agree that the use of the FPA is governed by 34 CFR §361.45(d)(7). When an IPE is amended, BRS requires a signature by the VR consumer and the VR counselor. BRS is making revisions to the procedures for case closure, and will develop a more comprehensive procedure to ensure that documentation requirements for case closure are met. BRS is considering discontinuing the use of the FPA as it works to develop a revised and improved process that complies with all federal requirements for terminating VR services. Training will be provided to staff to ensure understanding of these new procedures.

RSA Response: RSA maintains the finding as a Final Plan Amendment is part of BRS' IPE policies in section 450 of its PPM (as described in the finding) and the Final Plan Amendment is used to terminate the initial IPE and all amendments, and discontinue agreed upon services. The regulations in 34 CFR §361.45(d)(6) and (7) require that the IPE be amended and signed by the individual and a qualified VR counselor employed by the DSU if there are substantive changes in the employment outcome, the vocational rehabilitation services to be provided, or the providers of the vocational rehabilitation services. The discontinuation of agreed upon services is a substantive change that would require signatures by the eligible client and VR counselor in order to take effect pursuant to 34 CFR §361.45(d)(7). Therefore, the Final Plan Amendment does not take effect until agreed to and signed by the eligible individual, or his or her representative, and a VR counselor employed by BRS. RSA is available to provide further technical assistance.

Technical Assistance: BRS may request technical assistance to ensure case closure procedures align with federal requirements.

3.1 Statewide Availability of Pre-Employment Transition Services

- 3.1.1 Make pre-employment services available in those counties not yet covered by a contract with a CRP by using other mechanisms, including fee-for-service contracts and direct provision of services by BRS staff in collaboration with the LEAs; and
- 3.1.2 Track and report to RSA VR counselor staff time spent providing or arranging for the provision of pre-employment transition services for each individual in receipt of pre-employment transition services.

Agency Response: BRS thanks RSA for the technical assistance and clarification regarding allowable use of pre-employment transition services earmarked funding for required, authorized, and coordinating activities. Pre-employment transition services are currently available in 59 counties through contractual agreements (increased from 52 at the time of the monitoring visit). As of September, 2017, VR staff have also provided pre-employment transition services, including job exploration counseling, work-based learning experiences, and workplace readiness training to students in all counties currently not served through the contractual agreements with CRPs, therefore at least three of the five required pre-employment transition services activities are available statewide, and all five required activities are available in 59 counties. BRS has identified and is working to implement several strategies to ensure statewide availability of all five required pre-employment transition services. BRS has also trained staff on how to appropriately track and report their time spent in the provision of pre-employment transition services activities. BRS has developed a Request for Information (RFI) that is expected to be released by October, 2017 to identify potential contractors to provide additional pre-employment transition services required activities in counties where all services are not currently widely available. BRS developed a web-based portal to track and report required federal data for students receiving pre-employment transition services. Contracted providers utilize this portal to report required federal data for the RSA-911 report. BRS has expanded use of the portal for VR staff utilization and will work to further enhance tracking and reporting of VR staff time spent providing or arranging for pre-employment transition services. Additionally, while VR staff report time for some pre-employment transition services coordinating activities, such as attending Individualized Education Program (IEP) meetings with students, BRS acknowledges that staff time spent in carrying out pre-employment transition services coordination activities is likely underreported. BRS has drafted an updated training brief to provide more clarification to VR staff on tracking time spent on providing required, authorized, and coordinating pre-employment transition services activities.

RSA Response: RSA maintains the finding and acknowledges BRS' efforts; the strategies implemented and under development to ensure pre-employment transition services are available Statewide to students with disabilities who are eligible or potentially eligible for VR services. RSA has provided technical assistance to BRS, and is available to provide continued technical assistance, as needed.

Technical Assistance: BRS requested feedback from RSA on several documents that outline written guidance to VR staff and contractors, and appreciates the technical assistance already provided and additional feedback forthcoming.

5.1 Assignment of Obligations and Expenditures to the Correct Federal Award

- 5.1.1 Develop and implement written policies/procedures to ensure that all obligations (e.g., authorizations) are charged to the correct FFY. This documentation must detail the agency's internal control process, consistent with any State requirements, for ensuring the proper assignment of backdated authorizations to the correct FFY.
- 5.1.2 Pursuant to Audit Finding 2016-027 – Period of Performance, BRS must:
 - a) Review all FFY 2016 VR expenditures at the end of the FFY 2016 period of performance to identify all expenditures assigned to the grant for services that were provided outside of the period of performance (in addition to the 14 identified in the auditor's finding), and;
 - b) Make accounting adjustments to reassign all misassigned expenditures to the correct FFY award by December 31, 2017.
 - c) Request access to the RSA-MIS reporting system to update SF-425 Federal Financial Reports (and other reports, as necessary) based on accounting adjustments made as the result of this corrective action step.

Agency Response: BRS agrees that improvements are necessary to its current process for assignment of obligation and expenditures to the correct federal award year. BRS modified its federal fiscal year close-out procedures in the recent close-out of federal fiscal year 2016 encumbrances in IRIS, the VR Case management system, as an initial step toward ensuring that obligations and expenditures are charged to the correct period of performance. The implementation of a new VR Claims Payment system is expected to address many of the issues resulting in the assignment of expenditures to a grant for services that were provided outside of the period of performance, such as lost or missing vendor claims that are sometimes paid months after service provision. BRS also believes that implementation of a modernized case management system will allow further refinement of BRS' process of assigning obligations and expenditures to the correct Federal award. BRS will complete the corrective action steps within the prescribed timeframes.

RSA Response: RSA appreciates BRS' efforts to improve its processes for assigning obligations and expenditures to the correct Federal year award.

Technical Assistance: BRS is not requesting technical assistance.

5.2 Underreporting of Program Income

- 5.2.1 Develop and implement written policies/procedures to ensure the proper accounting and reporting of all sources of program income; and
- 5.2.2 Revise its FFY 2017 SF-425 to reflect the appropriate accounting of program income and ensure program income is reported correctly on future SF-425 submissions.

Agency Response: BRS appreciates the technical assistance RSA provided to assist in clarifying the definitions of program income and refunds. BRS agrees that some expenses have been recorded as a refund in error, and understands which expenses must be recorded as program income. BRS will revise the SF-425 report for 2017 as directed, and ensure that program income is accurately reported on future SF-425 reports.

RSA Response: RSA appreciates BRS' efforts to report program income accurately on SF-425 reports and to make corrections to previously submitted reports as necessary.

Technical Assistance: BRS is not requesting technical assistance.

5.3 Unallowable Use of Funds - Loans

- 5.3.1 Immediately cease using VR funds to pay for consumer costs that exceed the agency's maximum allowable payment amount;
- 5.3.2 Develop and implement written internal controls to ensure that only allowable costs are charged to the VR award; and
- 5.3.3 Report the amount of hearing aid expenditures paid during FFYs 2015, 2016, and 2017 that exceeded the agency's maximum payment amount and the amount reimbursed by consumers. This amount must be reported to RSA within 45 days after the issuance of the final monitoring report.

Agency Response: As of August 1, 2017, BRS ceased the practice of allowing consumers the option to 'upgrade' the hearing aid purchased by BRS by paying the difference between the approved hearing aid and the upgraded hearing aid. BRS will provide the requested information to RSA within 45 days after the issuance of the final monitoring report.

RSA Response: RSA appreciates BRS' efforts to cease this manner of loaning through its program.

Technical Assistance: BRS is not requesting technical assistance.

5.4 Prior Approval Not Obtained

- 5.4.1 Develop and implement a written internal control process, including a monitoring component, to ensure ongoing compliance with prior approval requirements.

Agency Response: As further information is provided by RSA regarding the procedures for requesting prior approval, BRS will implement a written internal control process, including a monitoring component, to ensure ongoing compliance with prior approval requirements.

RSA Response: RSA appreciates BRS' willingness to follow government-wide requirements concerning prior approval.

Technical Assistance: BRS may seek additional technical assistance from RSA to understand the procedure for submitting requests to RSA for prior approval.

5.5 Internal Control Deficiencies

- 5.5.1 Develop and implement written policies or procedures governing the manner in which BRS will set fees for purchased VR services that are based on reasonable costs established by the agency, as required by 34 CFR §361.50(c)(1);
- 5.5.2 Develop and implement written policies or procedures governing oversight of grant-supported activities, particularly with respect to activities performed under contracts with BRS, as required by 2 CFR §200.328(a);
- 5.5.3 Develop and implement written policies or procedures governing oversight of agency adherence to State procurement policies, as required by 2 CFR §200.313(b), particularly with respect to the inclusion of key duties in contracts;
- 5.5.4 Amend the pre-employment transition service contracts to correct the issues identified above within 120 days after the issuance of the final monitoring report;
- 5.5.5 Amend or revise Establishment contracts and develop and implement internal controls, within 120 days of the issuance of the final monitoring report, to ensure:
 - a) Only CRP staff and other costs that are allowable, reasonable, and allocable to the VR program for the establishment, development, or improvement of a CRP are included in the establishment contract;
 - b) all project costs have been determined to be allowable, reasonable, and allocable to the VR program;
 - c) RFFs incorporated into contract are accurate, particularly with respect to the inclusion of only allowable VR program activities;
 - d) personnel (both management and staff) paid through the establishment contracts provide personnel activity reports, if their time is split between two or more programs or activities, to demonstrate the time spent working on the VR program is consistent with the VR funds expended;
 - e) supervisory positions funded are only supervising staff performing VR services;
 - f) staff training costs are paid in proportion to the percentage of time the individuals work on the VR program.

5.5.6 Develop and implement a monitoring plan, including schedule for regular review, to hold CRPs accountable for the prescribed use of Federal funds for VR Establishment activities only.

Agency Response:

Rates of Payment for Services

BRS would like to provide clarification to enhance RSA’s understanding of the documentation referenced in the report, titled ‘Fiscal Internal Controls for VR Services.’ This document outlines BRS’ internal controls for VR client authorized services and claims payments, including requirements for obtaining multiple price quotes for goods costing over \$600 as required by 460 IAC 14-11-2(a)(4). This document also outlines authorization ‘edit limits.’ Edit limits are dollar thresholds or the upper limit cost guidelines that BRS assigns to the services. If a VR Counselor authorizes a vocational rehabilitation service with a dollar amount that exceeds the threshold, Supervisor review and approval is required for the authorized service. The table provided in this document does not represent exact fees for services, but rather the upper limit cost guidelines for specific services. The following sentence in the monitoring report is inaccurate as BRS believes that RSA is incorrectly interpreting ‘edit limits’ as exact fees.

‘In this document, BRS identified steps taken “prior to claim time” including instructions on how to handle items “that cost over \$600 that do not have a set fee schedule (wheelchairs for example)” —however, “wheelchair purchase” is explicitly listed in the schedule of fees directly below this set of instructions.’

BRS respectfully requests that this statement be removed or modified. BRS would also like to clarify that edit limits for any of the services may be exceeded with Supervisor approval as outlined in the document. The Supervisor review is required to ensure that the service that the VR counselor authorized is necessary for the consumer’s employment outcome.

BRS would like to further clarify that there are authorized vocational rehabilitation services that require multiple quotes because the cost exceeds \$600, and that same service authorization may also exceed the edit limit, and require a supervisor signature. BRS hopes this additional information provides clarification to RSA and requests that RSA modify the language in the monitoring report accordingly.

The ‘Fiscal Internal Controls for VR Services’ document also outlines requirements for supervisor approval at both the time of authorization of a service, as described above, as well as at the time of claim payment of a service. For instance, claims over \$10,000 require approval of the VR Counselor, supervisor and region manager.

RSA also expressed concern that BRS has a practice of allowing a Medicaid (not Medicare as incorrectly stated in the monitoring report) rate waiver at the time of generating a claim. RSA expressed concern that by the time a claim is generated, a service has already been authorized. BRS 'Fiscal Internal Controls for VR Services' document states the following:

'At claim voucher time, the system will require a Medicaid Rate Waiver approval by Area Supervisor and/or Region Manager if a service has any CPT item which has exceeded the State of Indiana Medicaid rate for any CPT code. Any medical service for which a CPT code exists will have either a fixed or variable Medicaid rate. For fixed fees, any amount higher than the Medicaid rate will trigger the Medicaid Rate Waiver requirement. For variable fees, VR will only pay 90% of the invoiced amount or the Medicaid Rate Waiver requirement will be triggered. In general, Medicaid Rate Waivers are approved if a Counselor cannot find a provider that will agree to Medicaid rates within a 50 mile radius of the consumer's home.'

BRS would like to provide further clarification about the practice outlined above. At the time of authorization of a service, a VR Counselor has identified and justified the vocational need for a specific medical service as required by 34 CFR 361.45(d)(2)(ii) and the VR Rule (460 IAC 14), which describes the standards and requirements for providing vocational rehabilitation services to eligible individuals. If the service cost exceeds the edit limit as described above, approval by a Supervisor is also required at the time of authorization. Once the service is provided, an invoice is received which may include multiple different CPT codes for a single VR service. For instance, a vision evaluation may have three separate CPT codes. Medical services are paid at the published Medicaid rates pursuant to 460 IAC 14-23-1, however there are two main factors that result in a request for a Medicaid rate waiver for a specific CPT code, as outlined below:

1. There are occasions when a medical vendor is either unavailable in the client's geographic area, or unwilling to provide services at the published Medicaid rates. In order to ensure that the necessary service is provided to the client, the VR Counselor may authorize for the service at a rate that differs from the published Medicaid rates, and must provide justification in case notes.
2. Published Medicaid rates change regularly, and therefore the rate may differ from time of authorization, to time of service provision and invoicing for the services. For instance, in the example given above of a vision evaluation, the rate for one of the three CPT codes may have increased after the authorization but prior to the service being provided.

RSA also stated that 'BRS produced no written guidance concerning the appropriate use of the various services listed in its IRIS-generated schedule of fees, such as guidelines for when it is appropriate for a counselor to authorize "other surgery and medical treatment" or any of the other services listed.' RSA also stated that BRS 'has no clear guidelines for staff to follow in determining when to authorize certain services.' These statements are inaccurate. BRS provides VR services in accordance with its promulgated

rules. The VR Rule outlines ‘Selection of Vocational Rehabilitation Services and Providers’ (460 IAC 14-11), as well as requirements and appropriate use of specific services, such as physical and mental restoration services (460 IAC 14-16), post-secondary education (460 IAC 14-18), occupational tools and equipment (460 IAC 14-21), and other services. BRS respectfully requests that RSA remove or modify the statements above to accurately reflect that BRS does have written guidance regarding the appropriate use of VR services.

BRS hopes this additional information clarifies that internal control procedures are in place regarding rates of payment for services. BRS is drafting a vendor manual that will further outline information related to the establishment of fees and reimbursement rates for each VR service category. This information will supplement the VR promulgated rules, and internal control procedures currently in place, and address any deficiencies in the current process.

Pre-Employment Transition Service Contract Development and Oversight

BRS has identified inaccuracies on page 61 of the monitoring report under “B. Pre-Employment Transition Service Contract Development and Oversight, Insufficient Contract Development Internal Controls to Ensure Accountability.” RSA states that the Request for Funding (RFF) that was used to identify contractors to carry out federally required pre-employment transition services activities was incorporated by reference in Exhibit 1 of the contracts, and required the contractor to develop Memoranda of Understanding (MOUs) with other providers whereby the contractor would serve as the primary Fiscal Agent. In light of this statement, BRS reviewed the RFF and is unable to find any language in the RFF regarding a requirement to develop MOUs, or for the contractor “to serve as primary Fiscal Agent”. While some of the respondents’ may have described their plans to develop or continue established MOUs in their proposals, BRS did not specifically require that contractors develop these MOU’s.

The Statement of Work, i.e. Exhibit 1 of the contract, which outlines the actual services contractors are required to perform under the contract, takes precedence to what the contractors proposed doing in their response to the RFF.

The Order of Precedence clause of each contract (provision number 34) states “[a]ny inconsistency or ambiguity in this Contract shall be resolved by giving precedence in the following order: (1) this Contract, (2) attachments prepared by the State, (3) RFF#2016-08, (4) Contractor's response to RFF#2016-08, and (5) attachments prepared by the Contractor. Therefore, the contract, exhibit, and RFF incorporated by reference take precedence over the contractor’s response to the RFF. The 2016 Professional Services Contract Manual states “[w]e strongly encourage the use of this clause. This clause can be extremely important when a problem arises. Word the clause accordingly, *but state-created documents should ALWAYS take precedence over Contractor documents or other material* (emphasis

added). You can refer to an RFP, a Grant Application, replies to an RFP or Grant Application Request prepared by a Vendor/Grantee, etc. If you include this clause in your contract, PLEASE fill in the information appropriately”.

BRS hopes this additional clarification is helpful and respectfully requests that RSA modify the language below:

‘RSA noted the Requests for Funding (RFFs), which were incorporated by reference in Exhibit 1 of the pre-employment transition service contracts, contained provisions for the contractor to develop Memoranda of Understanding (MOUs) with other providers, whereby the contractor would serve as the primary Fiscal Agent for other entities providing pre-employment transition services. BRS did not approve the MOUs.

While the MOUs with other entities were mentioned in the RFFs (which themselves were incorporated by reference in Exhibit 1 of the contracts), the MOUs were not mentioned in the boilerplate contract language. Since the MOUs were incorporated by reference in the contract, they became part of the terms of the contract agreed to by BRS and the contractor. Even though the contractor was billing BRS on behalf of the entities that signed the MOU, there were no provisions in the contracts requiring the contractor to monitor the services or ensure the costs being billed through the contractor were allowable VR costs. Furthermore, RSA found no evidence that BRS was monitoring the activities of the contractor as a VR service provider or as a fiscal agent for other service providers, or monitoring the activities of the other service providers mentioned in the MOUs, as it is required to do by 2 CFR §200.328(a).’

BRS identified an additional inaccuracy on page 62 where RSA states that BRS did not follow its state procurement policies, due to the ‘lack of detailed job duties’ in the contracts. The 2016 Professional Services Contract Manual states that “the duties of the Contractor should outline the exact, detailed *services* to be performed. Detailing those *services* ensures that your agency and the Contractor understand exactly what should be provided and lessens the chances that misunderstandings will arise (emphasis added).” The duties of contractor, a required provision in the contract, describes the specific services to be performed under the contract. In review of the contract language, the specific services that each contractor is required to provide are described in detail in Exhibit 1, and therefore BRS does not exclude key duties of the contractor. BRS established the specific duties of the contractors, which are to carry out required pre-employment transition services in individual or group settings, with each pre-employment transition service defined in detail in Exhibit 1 of the contract. Exhibit 1 references strategies that the contractors included in their proposals regarding how the contractors expected to carry out the required services. Regardless of what strategies the contractors use, they are responsible for carrying out the required services as specified in the contract.

While some strategies were modified or eliminated after the proposals were submitted, BRS never changed the required contracted services. Modifications to proposed strategies did not alter the specific services contractors were responsible to provide, and therefore did not alter the duties of the contractor. Where the proposals are referenced in the contracts, they reference strategies, not services or duties. For instance, the contracts for pre-employment transition services state “Services offered by the contractor shall be carried out in individual and/or group settings, following the strategies outlined in contractors’ previously submitted and agreed upon proposal.”

BRS followed state procurement policies by including all the required contract provisions, including, incorporating, and labeling Exhibit 1, which outlines services to be performed, i.e. detailed duties of the contractor. Exhibit 1 of the contract also outlines contract deliverables, documentation requirements, payment process, and additional information. Furthermore, the establishment and pre-employment transition services contracts would not have been fully executed and approved by the Indiana Department of Administration, the State Budget Agency and the Office of the Attorney General as required by IC 4-13-2-14.1 and IC 4-13-2-14.3, if the contracts had excluded key duties of the contractor or otherwise did not comply with state procurement policy.

BRS is hopeful that this clarification will assist RSA in re-evaluating their position regarding BRS’ compliance with state procurement policy, and would appreciate technical assistance to better understand RSA’s concerns prior to modifying contract language. BRS requests that RSA consider the relevance of corrective action 5.5.3 given the additional clarification provided regarding BRS’ compliance with state procurement policy, and respectfully request that RSA remove or revise this corrective action item.

BRS recognizes a need to enhance monitoring of contractors carrying out pre-employment transition services, however would like to provide clarification on current monitoring processes in place through the use of the web-based pre-employment transition services portal and the claims review procedures. BRS staff review all contract claim vouchers for accuracy, ensuring that activities billed align with activities entered into the portal. Discrepancies or unallowable billing activity are promptly communicated to contractors, and claims are revised or rejected as appropriate. BRS will enhance contract language regarding monitoring of contract activities and expenses, in addition to enhancing monitoring processes.

Monitoring of Establishment Project Contracts

BRS has already enhanced monitoring of establishment project contracts. Establishment project contracts began April 1, 2017. At the time of the on-site monitoring visit which began April 17, 2017, establishment project contracts had only been activated for a couple of weeks, and therefore there was minimal activity to monitor. No contract claims had been submitted for the establishment project at that time. BRS also consulted with RSA several months prior to initiating establishment project contracts and conducting the RFF process. RSA provided helpful guidance and feedback on BRS’ establishment project policy, and did not articulate any concerns about

BRS' plan to enter into contracts with CRPs to enhance staffing and training with the overall objective of improving the quantity and quality of employment services outcomes.

BRS appreciates the additional technical assistance provided by RSA during and shortly following the April 2017 monitoring visit. BRS was able to enhance its monitoring processes immediately following the on-site visit, and communicated these enhancements to RSA. BRS sent revised monthly staffing report and training report templates (required to be completed by all establishment project contracts along with monthly billing) in an email to RSA June 9, 2017, requesting feedback from RSA to ensure that the revisions BRS made adequately addressed the concerns expressed by RSA during the visit and the post-visit technical assistance call. BRS subsequently communicated to RSA in an email June 29, 2017 that BRS was implementing an 'initial 90-day desk audit' for establishment project contracts in August, and inquired as to whether RSA would be able to provide feedback on BRS' draft monitoring guide. BRS believes this enhanced monitoring process addresses the items listed under corrective action 5.5.5. BRS has also made significant progress toward addressing corrective action 5.5.6 by initiating a 90-day desk audit of all Establishment project contractors in August, 2017.

BRS would like to provide further clarification that, in developing performance objectives for the Establishment project contractors, BRS reviewed and utilized systemic data to identify needs, service gaps, and areas of improvement in regard to service delivery and outcomes. This included BRS' identification of insufficient capacity of CRPs to provide supported employment services. This information was also shared by CRPs through an employment services workgroup which has been in operation for more than three years. Additionally, VR Counselors expressed continuous concern about waiting lists established by CRPs and insufficient capacity to meet the needs of VR applicants and eligible individuals who required employment services. Furthermore, BRS has reviewed employment service data monthly since the implementation of the new employment service model in July, 2015 to identify and analyze trends. BRS subsequently began a formal evaluation in March, 2016, resulting in quarterly evaluation reports which are published on the VR Website. Additionally, BRS obtained information on specific CRP training needs and areas of improvement based on on-site CRP technical assistance visits in partnership with Indiana University. BRS considered a wide range of data prior to identifying the need for establishment projects in order to effectuate the necessary change needed to support improved quality of service provision through increased training and skill development for employment specialists/coaches, increased capacity to meet consumer needs (specifically those with most significant disabilities), and ensure access to necessary employment services, including supported employment.

CRPs who have establishment project contracts were required to submit baseline data in July, 2017. This data will be used to assess progress going forward in meeting all performance objectives. Per contract requirements, CRPs are required to submit updated data each quarter. It is also important to note that BRS implemented an order of selection August 1, 2017 and has one open priority

category (Priority category 1, MSD). BRS anticipated the implementation of the order of selection when finalizing performance objectives for the establishment project contracts, and elected not to include a specific target for one of the four contract measures, an increase in the quality and quantity of employment outcomes, at the start of the Establishment project period. The impact on employment outcomes, including the quality of employment outcomes as BRS transitions from serving individuals in all priority categories to serving only individuals who are MSD, is unknown. However, BRS anticipates that as less individuals are served, the number of outcomes may decrease. BRS will continue to closely evaluate employment outcomes over the next year, and, as appropriate, will establish specific targets for this measure (e.g. a specific percent increase in employment rate, wages, hours worked, etc.).

RSA Response: RSA appreciates BRS' willingness to enhance RSA's understanding of the documentation referenced in the report. However, such information should be stated in clear language within the internal control policy in order to avoid confusion on the part of the reader. Rather than removing or modifying statements, RSA offers that the descriptions RSA wrote are based on RSA's interpretation of BRS' current body of internal control written policy. Thus, if BRS believes RSA misinterpreted the policy as written, RSA offers this fact as further evidence of the need for BRS to improve and clarify portions of the written policy—and especially those areas that BRS feels RSA misinterpreted. For example, the policy gives instructions for counselors to take steps prior to claim time, but it appears based on BRS' feedback, that counselors are to take some of these steps prior to a service being authorized.

RSA maintains its findings related to pre-employment transition services and establishment project contracts internal control deficiencies. A key overarching requirement is that BRS maintain direct financial oversight of the use of its VR funds. Excluding specific information that would otherwise facilitate that direct oversight falls short of meeting the requirement. It is RSA's position that allowing a third party to oversee billing without having established a system of internal control over the process, excluding job descriptions or expectations for minimal new-hire qualifications, and excluding budget revisions and other stipulations agreed upon outside of the legally binding contract, do not meet the requirement that BRS maintain direct financial oversight over the use of its VR funds.

RSA acknowledges that BRS has learned a great deal from the experience of engaging in establishment projects, and has already begun efforts to ensure its contracts fall in line with the requirement that BRS maintain direct oversight over the use of its VR funds. RSA will continue to work with BRS to ensure that all payments to contractors are for allowable VR services that are both necessary and reasonable under the award.

Technical Assistance: BRS would welcome further discussion with RSA regarding the additional information and clarification provided pertaining to "Corrective Action 5.5 Internal Control Deficiencies." BRS may seek technical assistance from RSA regarding

potential modifications to pre-employment transition services contract language. BRS has requested technical assistance from RSA regarding the monitoring of establishment projects, and would appreciate feedback regarding the documentation previously submitted to RSA in June 2017. BRS will also seek feedback from RSA on additional written documentation as applicable, such as modified contract language for CRPs receiving establishment project funding.