

**FISCAL YEAR 2017
MONITORING REPORT
ON THE
MICHIGAN 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 (Rehabilitation Act), as amended by title IV of the Workforce Innovation and Opportunity Act (WIOA), requires the Commissioner of the Rehabilitation Services Administration (RSA) to conduct annual reviews and periodic on-site monitoring of programs authorized under title I of the Rehabilitation Act to determine whether a vocational rehabilitation (VR) agency is complying substantially with the provisions of its State Plan under section 101 of the Rehabilitation Act and with the evaluation standards and performance indicators established under section 106 subject to the performance accountability provisions described in section 116(b) of WIOA. In addition, the Commissioner must assess the degree to which VR agencies are complying with the assurances made in the State Plan Supplement for Supported Employment Services under title VI of the Rehabilitation Act.

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

- Assessed the performance of the VR and the Supported Employment programs with respect to the achievement of quality employment outcomes for individuals with disabilities and those with the most significant disabilities, including students and youth with disabilities; and
- Identified strategies and corrective actions to improve program and fiscal performance related to the following focus areas:
 - Performance of the VR Program;
 - Transition Services, including Pre-Employment Transition Services, for Students and Youth with Disabilities;
 - Supported Employment Program;
 - Allocation and Expenditure of the 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 from September 19 through 22, 2017, is described in detail in the Federal [FY 2017 Vocational Rehabilitation Program Monitoring and Technical Assistance Guide](#).

B. Summary of Observations and Findings

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

Observations

RSA observed that:

- MRS reported data demonstrate that a low percentage of individuals whose cases were closed after receiving VR services obtained education and training services to assist them to achieve higher-paying jobs consistent with the job market;
- MRS did not have an established quality assurance (QA) unit at the time of the on-site portion of the review, which may have contributed to inconsistencies in the maintenance of supporting documentation in service records and the reporting of RSA-911 data elements;
- MRS reported data demonstrate that the percentage of youth with disabilities who received education and training services and job search assistance was lower than the national performance for general agencies, which may have contributed, in part, to a rehabilitation rate and hourly wages for this population that were lower than the national general agency performance;
- MRS reported that pre-employment transition services curricula used by the centers for independent living (CILs) have not been fully vetted, creating a need for increased internal controls to assure consistency of service delivery across the state and to ensure that services provided are consistent with the definitions of the five required pre-employment transition services;
- Both in terms of the quantity of supported employment outcomes and the quality of these outcomes as measured by hourly earnings and average hours worked per week, MRS' performance is below that of general agencies nationally; and
- Some of the data that MRS reported for individuals in supported employment appear to be inconsistent from year to year, with no apparent explanation for the inconsistencies, even though care must be taken in drawing conclusions from the data since the numbers of individuals in supported employment are small.

Findings

RSA found that:

- MRS did not make eligibility determinations within the required 60-day time frame from the date of application;
- MRS did not develop individualized plans for employment (IPEs) within the required 90-day time frame from the date of eligibility determination;
- MRS did not satisfy the prior approval requirements in 2 C.F.R. § 200.407 and § 200.439; and

- MRS did not maintain effective internal control over the Federal award to provide reasonable assurance that the agency is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award; and
- MRS did not meet non-Federal share requirements in 34 C.F.R. § 361.60.

C. Summary of Technical Assistance

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

- Recommended that MRS develop and implement additional QA processes at the regional and district levels to ensure case records are formally reviewed in addition to the review process currently conducted by central office;
- Provided the documentation requirements for all data reported on the RSA-911 report;
- Clarified the definition of customized employment, pursuant to section 7(7) of the Rehabilitation Act and 34 C.F.R. § 361.5(c)(11);
- Provided guidance on MRS' policies concerning provision and cost towards the participation of VR services;
- Provided guidance related to the service record review conducted by the review team and other deficiencies identified as part of this review;
- Provided feedback on the agency's policies governing pre-employment transition services;
- Provided guidance on services MRS categorized as pre-employment transition services that are not consistent with the services listed in section 113(b) of the Rehabilitation Act and 34 C.F.R. § 361.48(a) as allowable required activities;
- Provided feedback regarding the agency's website, and the fact that it did not have content regarding pre-employment transition services and recommended these services and related information be highlighted;
- Provided feedback on the agency's recently developed tri-fold brochures and outreach flyers for transition services for youth with disabilities;
- Provided direction to cost allocate a portion of a service when the service incorporates pre-employment transition service components that are allowable along with components that are not allowable;
- Provided clarification regarding the distinctions among pre-employment transition service required activities, authorized activities, and coordination activities;
- Reviewed the State educational agency (SEA) agreement and provided feedback that it needed to include criteria to guide local educational agency (LEA) and VR staff in determining who will pay for services in instances where either entity could provide the service;
- Clarified that a student with a disability is no longer receiving pre-employment transition services once MRS reports that no services have been provided during the quarterly reporting period;
- Clarified that if extended services are not available at the time the IPE is developed, the IPE should be developed with an indication that the extended services will be identified;

- Provided guidance on the time frames for supported employment, specifically, that there should be an exception to the maximum of 24 months of supported employment services and clarified requirements regarding employment in an integrated setting on a short-term basis;
- Discussed the value of providing benefits counseling early in the VR process;
- Discussed the need to provide supported employment services to individuals with most significant disabilities other than developmental disabilities or mental illness, and to develop natural supports;
- Discussed customized employment and how it might allow MRS to serve more individuals with the most significant disabilities;
- Provided technical assistance to MRS emphasizing the requirement to ensure that the obligations and expenditures are assigned, tracked, and accounted for in the State's new accounting system with internal controls sufficient to meet period of performance and other Federal fiscal requirements;
- Provided related technical assistance regarding the need to track obligated and unobligated Federal and non-Federal funds in order to determine whether the VR award meets the requirements for a carryover period;
- Provided technical assistance encouraging the agency to continue its monitoring of CIL contracts to ensure the agency is receiving satisfactory performance outcomes for the costs paid, particularly since these are non-competitive contracts;
- Provided clarification that the Uniform Guidance standards for documentation of personnel expenses at 2 C.F.R. § 200.430(i)(vii) require supporting documentation to include support for the distribution of the individual employee's salary or wages among the specific cost objectives that the employee is working on and that MRS must revise its procedures to ensure that staff time is tracked accurately and that individual employee salaries are applied to the hours that are worked by that employee when charging staff time to any cost objective or award;
- Clarified that, for the purpose of pre-employment transition services, tracking MRS staff member time down to the level of each required, authorized, or coordination activity is not required, but tracking time across the three categories of pre-employment transition services activities is a good practice that will provide MRS useful data to ensure forecasting of its reserve funds is sufficient to provide required activities before the agency begins providing authorized activities;
- Provided clarification that MRS must review all grant supported activities in such a manner that assures compliance with Federal requirements and that performance expectations are achieved (2 C.F.R. § 200.328(a)) and suggested that MRS review its current community rehabilitation program (CRP) monitoring process to ensure that CRP monitoring reviews are conducted in a manner that meets the Uniform Guidance provisions and the requirements for administration of the VR program (34 C.F.R. § 361.12);
- Provided technical assistance that the agency should have mechanisms in its systems to ensure financial accountability and tracking of obligations, expenditures, and unobligated funds, and to ensure that these processes are developed and implemented as the State transitions to a new accounting system;

- Recommended that MRS and the Department of Human Services (DHS) may benefit from developing more formalized SF-425 reporting instructions to help train new staff and to ensure consistency in the use and reporting of unliquidated obligations and program income;
- Provided technical assistance to MRS and DHS about RSA-2 reporting, indicating that services to groups (Schedule I, line 3.e – all other) should not include VR Social Security Administration (SSA) program income transferred to the SILS program and that the agency may benefit from developing more formalized RSA-2 reporting instructions to ensure accurate reporting and help train new staff;
- Clarified that the local workforce development board (LWDB) in the City of Detroit has not complied with section 107(b)(2)(D)(iii) of WIOA and 20 C.F.R. § 679.320(b)(3)(iii) of its implementing regulations by appointing the executive director of a CRP, rather than a representative of MRS or BSBP, as the representative of the governmental entity carrying out title IV of WIOA; and
- Provided guidance on the State’s requirement to develop and submit the WIOA Annual Statewide Performance Report Template, in accordance with section 116(d)(2) of WIOA, 34 C.F.R. § 361.160, and TAC-17-05.

D. Review Team Participants

Members of the RSA review team included RoseAnn Ashby and Jason Hunter (Technical Assistance Unit); Beth Settle, Christy Cavataio, Samuel Pierre, and Jim Doyle (Vocational Rehabilitation Program Unit); Craig McManus (Fiscal Unit); and Rimal Desai (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 MRS 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 (CAP) and advocates, and other stakeholders, in the monitoring process.

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

A. Nature and Scope

Through implementation of this focus area, RSA assessed the achievement of quality employment outcomes by individuals with disabilities served in the VR program by conducting an in-depth and integrated analysis of core VR program data and review of individual case service records. The analysis represents a broad overview of the VR program administered by MRS and includes 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 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 MRS with that of all VR agencies of similar type (i.e., general agencies).

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

- Agency policies and procedures related to the provision of transition and pre-employment transition services, competitive integrated employment, and supported employment services; and
- Description in the VR services portion of the program year (PY) 2016 Unified 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 and the CAP.

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

The review team provided technical assistance on the WIOA 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 MRS' 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 MRS 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 increased slightly, from 19,041 to 19,732 individuals, while the number of individuals determined eligible for VR services increased from 16,945 to 18,799 individuals. During this period, the number of individuals with an IPE who received services decreased slightly from 25,708 individuals in FFY 2014 to 24,948 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 2,608 individuals or 14.8 percent in FFY 2014, to 2,353 individuals or 13.5 percent in FFY 2016. In addition, the percentage of individuals who were accepted for VR services, but received no services, increased from 17 percent in FFY 2014, to 18.2 percent in FFY 2016, which was lower than the national performance for general agencies of 24.7 percent.

Employment Outcomes

Michigan's State minimum wage increased multiple times from FFY 2014 to FFY 2016. Specifically, the State minimum hourly wage increased from \$7.40 to \$8.15 on September 1, 2014. On January 1, 2016, the minimum wage increased to \$8.50 and increased again on January

1, 2017, to \$8.90. Effective January 1, 2018, the minimum wage increased to \$9.25, which is greater than the Federal minimum wage.

The number and percentage of individuals served whose service records were closed after achieving employment increased from 6,618 individuals, or 37.5 percent, in FFY 2014, to 6,821 individuals, or 39.1 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 decreased from 5,201 individuals, or 29.5 percent, in FFY 2014, to 4,619 individuals, or 26.5 percent, in FFY 2016. As a result, the rehabilitation rate increased from 56 percent in FFY 2014 to 59.6 percent in FFY 2016, higher than the national performance of 57.2 percent for general agencies in FFY 2016. The number and percentage of individuals who achieved supported employment outcomes increased from 169 individuals, or 2.6 percent of all individuals whose service records were closed, in FFY 2014, to 396 individuals, or 6 percent, in FFY 2015, before decreasing to 190 individuals, or 2.8 percent, in FFY 2016, lower than the national performance for general agencies of 13 percent in FFY 2016.

From FFY 2014 through FFY 2016, the average hourly earnings for individuals who achieved competitive employment outcomes increased from \$12.21 per hour to \$13.59 per hour, which was higher than the national performance of \$12.37 per hour for general agencies. Similarly, the average hours worked per week by these individuals increased from 31.3 hours per week in FFY 2014, to 31.8 hours per week in FFY 2016, compared to the national performance of 30.4 hours per week for general agencies.

Services Provided

From FFY 2014 through FFY 2016, the number of individuals served by MRS decreased slightly from 11,819 to 11,440 individuals. Of the individuals who received training services in FFY 2016, 6 individuals or 0.1 percent received college or university training, which is lower than the national performance of 0.4 percent, 215 individuals or 1.9 percent received four-year or university training, which was lower than the national performance of 6.2 percent for general agencies, and 1.9 percent received junior or community college training, compared to the national performance of 4.4 percent. In addition, from FFY 2014 to FFY 2016, the percent of individuals who received occupational/vocational training decreased from 11.3 percent to 8.8 percent, compared to the national performance of 11.5 percent in FFY 2016.

Of the individuals who received career services and whose service records were closed in FFY 2016, 51.9 percent received assessment services compared to the national performance of 64 percent for general agencies; 40.9 percent received VR counseling and guidance compared to the 58.2 percent for the national performance; 10.1 percent received job search assistance compared to the national performance of 27 percent; and 7.3 and 2.0 percent received on-the-job supports-short-term and on-the-job supports-Supported Employment, respectively, which is lower than the national performance of 10.1 percent and 12.2 percent, respectively. In addition, from FFY 2014 through FFY 2016, the number of individuals who received benefits counseling increased from no individuals to 523 individuals. Similarly, the number of individuals who received customized

employment services increased from no individuals to 32 individuals from FFY 2014 to FFY 2016.

Of the individuals who received other services and whose service records were closed in FFY 2016, 20.8 percent received rehabilitation technology services compared to the national performance of 13.8 percent for general 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 slightly from 82.8 percent for all individuals whose service records were closed in FFY 2014 to 82.2 percent in FFY 2016. This percentage was less than the national performance of 84.4 percent for general agencies in FFY 2016.

From FFY 2014 through FFY 2016, the percentage of individuals for whom an IPE was developed within 90 days increased from 79.6 percent to 80.7 percent for all individuals whose service records were closed, above the national performance of 72.8 percent for general 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 building and grounds cleaning and maintenance occupations with median hourly earnings of \$9.00; 14.4 percent were employed in production occupations with median hourly earnings of \$9.50; 12.3 percent were employed in office and administrative support with median hourly earnings of \$10.76; 9.4 percent were employed in food preparation and service related occupations with median hourly earnings of \$8.52; and 9.1 percent were employed in sales and related occupations with median hourly earnings of \$9.00.

Internal Controls

During the on-site monitoring review, RSA conducted a review of 30 service records comprised of individuals who did and did not achieve employment on or before September 30, 2016, to verify and ensure that the documentation in the case service record was accurate, complete, and supported 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. The service record reviews were conducted by two RSA representatives and two MRS staff, one who participated in the review of case service records and the other assigned to assist the RSA staff find the required documentation in the case service record. Each case service record was maintained in the agency's electronic case management system accompanied by a hard copy file. The service records were evenly divided among the three reviewers and several cases were randomly chosen to compare the results from each reviewer as part of an interrater reliability check.

Of the 30 cases requested, 19 service records were those of individuals who achieved

employment and 11 were those of individuals who did not achieve employment after receiving services. Of the 30 service records reviewed, 24 service records, or 80 percent, contained a verified 60-day eligibility date with supporting documentation. In addition, 27, or 90 percent of the service records, contained the necessary supporting documentation for the date of the IPE. Also, six of the 19 service records for individuals who achieved employment, or 32 percent, included supporting documentation for start date of employment for the individual's primary occupation. Of these 19 service records, nine contained the proper supporting documentation for the employment status at closure, or 47 percent, and 11 of the 19 case service records contained the necessary documentation for the weekly earnings at employment, or 58 percent. For each of the 30 service records, 20 contained supporting documentation for the type of closure, or 67 percent of the records. Finally, 25 service records, or 83 percent, included the proper documentation to support the date of closure, as reported in the RSA-911 report.

The results of the Service Record Review are located in Appendix B of this report. To summarize, all service records contained some of the required documentation and nine of the 30 service records contained documentation for all the required data elements. In addition, 24 of the 30 service records contained documentation of four or more data elements.

C. Analysis of Performance and Observations

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

2.1. Achievement of High Quality Employment Outcomes

Observation: MRS reported that a low percentage of individuals whose cases were closed after receiving VR services obtained education and training services to assist them to achieve higher-paying jobs consistent with the job market.

- In FFY 2016, the five most common occupations reported by MRS for individuals who achieved employment, which accounted for 60.7 percent of all individuals who achieved employment, were primarily low paying or semi-skilled occupations. Specifically:
 - 15.5 percent were employed in building and grounds cleaning and maintenance occupations;
 - 14.4 percent were employed in production occupations;
 - 12.3 percent were employed in office and administrative support;
 - 9.4 percent were employed in food preparation and service related occupations; and
 - 9.1 percent were employed in sales and related occupations;
- From FFY 2014 to FFY 2016, MRS reported a low number and percentage of individuals who received education or training services whose cases were closed after receiving VR services.

- During FFYs 2014 and 2015, no individuals received college or university training and six individuals received this education/training service in FFY 2016;
- The number and percentage of individuals who received four-year college or university training decreased from 273 individuals, or 2.3 percent, in FFY 2014, to 215 individuals, or 1.9 percent, in FFY 2016, compared to the national performance of 6.2 percent for general agencies in FFY 2016;
- MRS reported no individuals received junior or community college training in FFY 2014, 283 individuals, or 2.5 percent, received this training in FFY 2015, and 214 individuals, or 1.9 percent, did so in FFY 2016, lower than the national performance of 4.4 percent; and
- From FFY 2014 to FFY 2016, the number and percentage of individuals who received occupational or vocational training decreased from 1,336 individuals, or 11.3 percent, to 1,009 individuals, or 8.8 percent, compared to 11.5 percent for the national performance of general agencies in FFY 2016.
- MRS reported 61.6 percent of all individuals who received VR services had their case closed one year or less after the development and approval of their IPE, compared to the national performance of 46.2 percent for all general agencies in FFY 2016. Similarly, the percentage of individuals who received VR services from MRS longer than 24 months was 17.9 percent after the development of an IPE, lower than the national performance of 30.5 percent.

2.2. Internal Controls

Observation: MRS did not have an established quality assurance (QA) unit at the time of the on-site portion of the review, which may have contributed to inconsistencies in the maintenance of supporting documentation in service records and the reporting of RSA-911 data elements.

The VR counselors, upon completing their probationary period after being hired, have independence status. As a result, supervisors are not required to review eligibility determinations, IPEs, or the case closures of a service record. In addition, managers were not required to conduct any internal control processes to ensure case service records contained the required documentation in accordance with 34 C.F.R. § 361.47(a).

According to information provided to RSA as part of the document request, MRS relied on its case management system to ensure the internal control of data and its reliability. District offices conducted their own internal reviews, but the case reviews were not conducted using a uniform process and did not result in the collection of results that could be further analyzed to measure and improve performance or compliance on a Statewide basis.

During the on-site portion of the review, MRS provided the details of a QA process it was piloting. The procedure involves three staff from the central office coordinating and conducting on-site reviews of each office using a standardized checklist. The process includes a random selection of case records from each VR caseload. The process will be conducted over the course of one year to cover all 260 caseloads across the State one office at a time. Once the office is reviewed, a report is developed, with a three percent error threshold for each of the review

categories. Failure to meet this threshold will result in the development of a corrective action plan.

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 MRS:

2.1. Achievement of High Quality Employment Outcomes

- 2.1.1 Assess the required education and skills needed for quality employment based on the projection of the local market information (LMI) as reported in the Michigan Unified State Plan;
- 2.1.2 Continue to partner with employers that require high skilled positions and identify how MRS can meet the needs of the employer through the individuals it serves; and
- 2.1.3 Provide the necessary training to VR counselors to be knowledgeable of current LMI information and provide the necessary VR guidance and counseling to eligible individuals prior to the development of an IPE.

2.2 Internal Controls

- 2.2.1 Develop written policies and procedures for the new QA process that can be made available to staff;
- 2.2.2 Develop additional levels of reviews as part of the QA process, including inter-office reviews to further supplement the annual reviews conducted by the central office staff to provide VR counselors with regular feedback and insight from their peers; and
- 2.2.3 Use the analysis from the different QA processes to provide regular, on-going training to VR counselors, supervisors, and regional managers.

E. Findings and Corrective Actions to Improve Performance

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

2.1 Untimely Eligibility Determination

Issue: Was MRS determining eligibility within the required 60-day Federal time frame from the date of application.

Requirement: Pursuant to 34 C.F.R. § 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 C.F.R. § 361.42(e).

Analysis: As part of the monitoring process, RSA analyzed the length of time MRS took to make eligibility determinations for VR applicants during FFYs 2014 through 2016. According to the data submitted by MRS through the RSA-911 report, the following information was reported:

- Of the 14,700 individuals determined eligible, 12,171 individuals, or 82.8 percent of those whose service records were closed in FFY 2014, had an eligibility determination made within the required 60-day period;
- In FFY 2015, 82.1 percent, or 12,018 individuals of the 14,639 individuals who were determined eligible and whose service records were closed, had an eligibility determination within the required 60-day time frame;
- In FFY 2016, of the 14,862 individuals who were determined eligible and whose service records were closed, 12,222 individuals were determined eligible within the 60-day eligibility time frame, or 82.2 percent, compared to 84.4 percent for the national performance for general agencies;
- Results were similar for youth under age 25 at exit, with 84.9 percent of youth receiving an eligibility determination within the 60-day standard in FFY 2014, 82.9 percent meeting the standard in FFY 2015, and 82.3 percent meeting the standard in FFY 2016; and
- For individuals exiting the program in supported employment, the percentage for whom an eligibility determination was made within 60 days of application was higher; 92.3 percent in FFY 2014, 90.2 percent in FFY 2015, and 92.6 percent in FFY 2016.

During the on-site portion of the monitoring review, MRS reported that a number of extensions were agreed upon by the VR counselor and the applicant due to circumstances beyond the agency's control. The case management system used by MRS includes a module that identifies when an eligibility extension has been agreed upon once properly completed.

RSA requested that MRS provide these data, including the date the case was closed, the case closure outcome, the date of application, date of eligibility determination, and the date the extension was approved. Using these data, RSA and MRS analyzed the date the case was closed and whether the extension was completed within the 60-day eligibility timeframe. As a result, RSA determined:

- For FFY 2014, 227 individuals agreed upon an eligibility extension within the required time frame, improving the 60-day eligibility time frame percentage from 82.8 percent to 84.3 percent;

- For FFY 2015, 519 individuals received an eligibility extension within the required 60-day time frame, increasing the percentage determined eligible within the 60-day timeframe from 82.1 percent to 85.8 percent; and
- For FFY 2016, 578 individuals received an extension within the required 60-day eligibility time frame, resulting in an increase from 82.2 percent to 85.7 percent.

MRS indicated that untimely eligibility determinations were identified as an area of concern prior to the monitoring process and discussed the inclusion of this issue as part of the agency's QA process. Even with the inclusion of the extensions for eligibility determination agreed upon within the required time frame, MRS did not consistently meet the eligibility standard for FFYs 2014 through 2016.

Conclusion: MRS did not make eligibility determinations within the required 60-day period for service records closed during the period of FFYs 2014 through 2016. As a result of the analysis, RSA determined that MRS was not in compliance with the eligibility determination requirements in 34 C.F.R. § 361.41(b)(1).

Corrective Action Steps:

RSA requires that MRS:

- 2.1.1 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, tracking and monitoring; and
- 2.1.2 Develop procedures for VR counselors and supervisors to track and monitor timely and untimely eligibility determinations.

2.2 Untimely Development of the IPE

Issue: Was MRS developing IPEs within the 90-day required time frame from the date of eligibility determination.

Requirement: In accordance with 34 C.F.R. § 361.45(a)(1), an IPE must be 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 OOS, for each eligible individual to whom the State unit is able to provide VR services. In addition, 34 C.F.R. § 361.45(e) requires that an 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: RSA analyzed the length of time it took for MRS to develop IPEs for individuals determined eligible for VR services. During the three-year period covered under the review, MRS operated under an OOS, but did not have any priority categories closed that required the

assignment of eligible individuals to a waiting list before an IPE was developed. The number of individuals and percentages reported for each fiscal year is based on the time the individual was determined eligible until the IPE was approved. The data reported by MRS on the RSA-911 demonstrated:

- In FFY 2014, 9,412 of the 11,819 individuals served whose service records were closed, or 79.6 percent, had an IPE developed within the required 90-day period;
- In FFY 2015, of the 11,482 individuals served whose service records were closed, 9,254 individuals, or 80.6 percent, had their IPE developed within the 90-day required time period;
- In FFY 2016, of the 11,440 individuals served whose service records were closed, 9,236 individuals, or 80.7 percent, had an IPE developed within the 90-day required time period, compared to 72.8 percent for the national performance for similar agencies;
- For youth under the age of 25 at exit, 78.6 percent of such youth had an IPE developed within 90 days of application in FFY 2014, 80.4 percent of youth met this standard in FFY 2015, and 80.6 percent met the standard in FFY 2016;
- For individuals exiting the program in supported employment, 90.5 percent had an IPE developed within 90 days of eligibility determination in FFY 2014, 89.7 percent met this standard in FFY 2015, and 84.2 percent met this standard in FFY 2016.

MRS reported that a number of IPE extensions were agreed upon by the VR counselor and the eligible individual due to circumstances beyond the agency's control. The case management system used by MRS has been modified to document when extensions are agreed upon and the dates extensions will end. All IPE extensions must be agreed upon within the 90-day required time frame.

MRS provided these data, including the date the case was closed, the date of the eligibility determination, the date the IPE extension was approved, the date the extension would expire and the date the IPE was approved. Using these data, RSA and MRS analyzed the data for each of the three years of the review and to determine whether an extension was completed within the required 90-day time frame in accordance with 34 C.F.R. § 361.45(e). As a result, RSA determined:

- Only two individuals received IPE extensions in FFY 2014, resulting in no change to the reported percentage of individuals whose IPEs were developed within the 90-day time frame at 79.6 percent;
- For FFY 2015, 119 individuals received an extension within the required 90-day time frame, slightly increasing the performance from 80.6 percent to 81.6 percent; and
- For FFY 2016, 271 individuals received an extension within the required time frame, resulting in an increase from 80.7 percent to 83.1 percent.

Conclusion: MRS did not develop IPEs within the required 90-day period for individuals served whose service records were closed during the period of FFYs 2014 through 2016. As a result of the analysis, RSA determined that MRS was not in compliance with the development of IPEs in

a timely manner pursuant to 34 C.F.R. § 361.45(a)(1) and within the required 90-day period in 34 C.F.R. § 361.45(e).

Corrective Action Steps:

RSA requires that MRS:

2.2.1 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

2.2.2 Develop goals and strategies to improve VR counselor performance specific to timely IPE development.

F. Technical Assistance

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

- During the on-site portion of the review, MRS provided an overview of the internal control procedures it was piloting to ensure compliance with the required documentation of data reported to RSA. This overview included the review tool that will be used by its review team and the summary report created by the review team following its review of each district office. RSA recommended that MRS develop and implement additional QA processes at the regional level and district level to ensure case records are formally reviewed more than once per year. In addition, RSA recommended knowledgeable staff from other district offices conduct these reviews and they include peers who may be able to provide additional insight. Furthermore, it is recommended that cross-district reviews use a consistent format to review cases and results are collected on a statewide basis to develop future training and track performance to ensure progress is achieved. Finally, the review team recommended MRS develop a formal set of policies and procedures for its QA and internal control process.
- RSA provided MRS the documentation requirements for all data reported on the RSA-911 report. Specifically, the review team provided MRS the guidance issued in March of 2017, *Guidelines: Supporting Documentation for Case Service Report (RSA-911)*. In addition, the review team referred MRS to the *PD-16-04 VR Program Case Services Report (RSA-911) Data Elements* and the RSA-911 FAQ guidance.
- Clarification was provided to MRS regarding the definition for customized employment, pursuant to section 7(7) of the Rehabilitation Act and 34 C.F.R. § 361.5(c)(11). The review team also provided MRS with additional guidance and examples for customized employment developed by WINTAC.
- RSA provided MRS guidance on its policies concerning provision and cost towards the participation of VR services. Guidance was provided, among other topics, on the following:

- VR agencies do not need to require applicants to provide proof of residency in the State or citizenship as part of the application process or prior to the development of an IPE, including the collection of a social security card, valid driver's license or birth certificate;
 - The definition of an individual with a significant disability, in accordance with section 7(21)(A) of the Rehabilitation Act and 34 C.F.R. § 361.5(c)(30), and an individual with a most significant disability, in accordance with section 7(21)(E) of the Rehabilitation Act and 34 C.F.R. § 361.5(c)(29), for the purposes of defining the agency's priority categories;
 - The allowance of electronic signatures when receiving or sending documentation requiring an individual's signature, pursuant to State laws governing this area; and
 - Clarification on the requirements involving the financial needs assessment, particularly pertaining to the cost towards hearing aids and other physical and mental restoration services, including the agency's ability to develop a contract with a vendor for a specific service or equipment.
- RSA provided MRS guidance involving the case service record review conducted by the review team and other deficiencies identified as part of this review. Although the results of the case service record review contained within the report reflect only the supporting documentation for eight identified areas of the VR process, as described previously under this section, additional concerns and deficiencies were discussed during the internal control session to further facilitate the development of MRS' internal control procedures.

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

A. Nature and Scope

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

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

“Pre-employment transition services,” defined in section 7(30) of the Rehabilitation Act and 34 C.F.R. § 361.5(c)(42), include both required activities and authorized activities specified in section 113 of the Rehabilitation Act and in 34 C.F.R. § 361.48(a). Pre-employment transition services also include pre-employment transition coordination activities. Section 113(a) of the Rehabilitation 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 Rehabilitation Act. A “student with a disability,” as defined in section 7(37) of the Rehabilitation Act and 34 C.F.R. § 361.5(c)(51), includes the minimum age for the receipt of pre-employment transition services, the minimum age for the provision of transition services under IDEA, and the maximum age for the receipt of services under IDEA; thus, the implementing definition of “student with a disability” may vary from State to State.

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

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

- State educational agency (SEA) and local educational agency (LEA) agreements;
- Policies related to the provision of transition services, including pre-employment transition services;
- Sample third-party cooperative arrangement contracts for the provision of 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 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 Rehabilitation 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 Rehabilitation 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 transition coordinator;
- MRS fiscal officers and staff;
- MRS VR counselors;
- MRS transition counselors and staff;
- Representatives of the SEA; and
- Employment service providers or CRPs.

B. Overview

MRS provides pre-employment transition services to students with disabilities ages 14-26, in accordance with Michigan's State law for IDEA services. MRS provides these services to students who have applied for services and to students who are potentially eligible individuals accessing pre-employment transition services through designated VR counselors. Michigan provides VR services through both MRS and the Bureau of Services for Blind Persons (BSBP),

and the two VR agencies are located in different designated State agencies. The two VR agencies agreed to provide pre-employment transition services to students with disabilities at the minimum age of 14.

MRS has field offices across the State, and VR counselors have been assigned to all schools, including public, charter, and private schools. MRS described the schools as having significant local control and influence, the details of which are outlined in 90 cash transfer agreements statewide (approximately \$131,000 each). The details in the cash transfer agreements help drive the relationships with the intermediate school systems at the local level. The agency has two third-party cooperative arrangements.

Michigan has an extensive virtual and home-based schooling network. In order to access this population of students who do not participate in the regular school classroom, MRS conducts outreach through the virtual network located in Grand Rapids and the Michigan Home-based Family Services Association.

There are currently two to three pre-employment transition services counselors assigned to each district, the result of having repurposed approximately 30 available counselor FTEs, all supervised by district supervisors or managers. Pre-employment transition services counselors also receive support from Central Office key staff with ongoing input from the agency's advisory group. These counselors coordinate their efforts with existing transition counselors, depending on whether the individual requires services that necessitate the development of an IPE. MRS' goal is to continue to increase the number of pre-employment transition service counselors in the field, as demand for services is expected to increase.

MRS provides extensive orientation and training for new pre-employment transition services counselors. Approximately three months of in-person training is provided, including monthly phone meetings following the initial training. Topics primarily incorporate the pre-employment transition services delivery model, processes and procedures for implementation, and the importance of establishing and maintaining linkages with school partners.

Pre-employment transition services through MRS are provided primarily through a large network of CILs. The provision of pre-employment transition services is rarely provided by a CRP. Although MRS is comprised of ten service areas called districts, many of which are rural, the CILs district delineations do not readily align with MRS' districts, making coordination a challenge. Three CIL districts have limited availability of pre-employment transition services, and MRS is encouraging the CILs to increase capacity to meet this need. MRS acknowledges that the CILs providing pre-employment transition services need to gain a better understanding of which services are allowable required pre-employment transition services and that MRS needs to more fully vet the pre-employment transition service curricula.

MRS has developed a number of resources for its VR counselors to ensure consistent provision of pre-employment transition services. A 17-item toolkit specific to pre-employment transition services, including a 25-page written service guide and a document containing 100 questions and answers, is made available to counselors. Technical assistance is provided to the field regularly

by two Central Office staff, both of whom receive and answer multiple questions daily. Both Central Office staff coordinate closely to deliver a unified message that is also incorporated into policy.

At the time of the review, MRS was not tracking authorized activities that counted toward the 15 percent reserve, but was working toward developing a forecasting model. Once the forecasting model is in place, MRS will begin to allocate expenditures for authorized activities toward the 15 percent reserve.

MRS and the Michigan Department of Education (MI DOE) had been working for a year on updating a longstanding but outdated SEA agreement, which was near completion at the time of the on-site portion of the monitoring review. MRS experienced an organizational change placing it in a new DSA, necessitating an updated SEA agreement. The passage of WIOA also required that additional language be included in the agreement. RSA reviewed the draft agreement, and an on-site monitoring session was devoted to the SEA agreement, which reflected the new provisions in WIOA. Both MRS and MI DOE staff participated in this session and described a productive and cordial working relationship. Regular monthly meetings occurred between the two partners, and it was anticipated that these would continue until the updated SEA agreement was signed.

C. Analysis of Performance and Observations

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

3.1 Services Provided for Youth with Disabilities under Age 25

Observation: MRS reported data demonstrate that the percentage of youth with disabilities who received education and training services and job search assistance was lower than the national performance for general agencies, which may have contributed, in part, to a rehabilitation rate and hourly wages for this population that were lower than the national general agency performance.

- From FFY 2014 to FFY 2016, no college or university graduate training was reported, and the percentage of youth under age 25 at exit who received four-year college or university training declined from 3.8 percent in FFY 2014 to 2.9 percent in FFY 2016, compared to the national performance of 8.4 percent for general agencies.
- The percentage of youth under age 25 at exit who attended community or junior college was identified as zero in FFY 2014 and increased to three percent in FFY 2016, compared to the national performance of 6.5 percent for general agencies during FFY 2016.
- By contrast, the percentage of youth under age 25 at exit who received occupational or vocational training decreased from 20.5 percent in FFY 2014 to 16.3 percent in FFY 2016, above the national performance for general agencies of 13.1 percent.

- The percentage of youth under age 25 at exit who received job search assistance was substantially lower than the national performance of 28.4 percent, although the percentage of youth who received this service increased from 6.3 percent in FFY 2014 to 15.0 percent in FFY 2016. The relatively low percentage of youth receiving this service may indicate that youth are not being directed to higher-paying jobs consistent with employer needs in the local labor market.
- The number of youth under age 25 at exit who became employed decreased from 2,012 in FFY 2014 to 1,864 in FFY 2016. Consequently, the rehabilitation rate for youth under age 25 at exit also decreased from 48.0 percent in FFY 2014 to 46.6 percent in FFY 2016, less than the national performance of 54.9 percent for general agencies.
- The average hourly earnings for youth under age 25 at exit increased from \$8.81 in FFY 2014 to \$9.79 in FFY 2016, but remain below the national performance of \$10.31 for FFY 2016.

3.2 Provision of Pre-Employment Transition Services

MRS reported that pre-employment transition services curricula used by the CILs have not been fully vetted, therefore creating a need for increased internal controls to assure consistency of service delivery and to ensure that services provided are consistent with the definitions of the five required pre-employment transition services.

MRS primarily provides its pre-employment transition services through contracts with CILs. An in-depth review of services provided through the CILs as pre-employment transition services that are not identified under section 113(b) of the Rehabilitation Act and 34 C.F.R. § 361.48(a) as allowable required activities. RSA reviewed detailed documentation regarding the different contracts with the CILs and visited one CIL during the on-site portion of the review. RSA identified a number of services provided to students with disabilities not included as part of the curriculums but included as part of the services provided and included in the cost of the contracts.

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 the agency has requested technical assistance to enable it to implement any of the below recommendations.

3.1 Services Provided for Youth with Disabilities under Age 25 at exit

- 3.1.1 Identify and assess barriers or factors that are preventing VR counselors from developing IPEs that contain college and other training and adequate job search assistance, and develop measurable goals and strategies to increase the agency's performance in this area;
- 3.1.2 Conduct case reviews to determine if IPE goals and services, including employment goals, are aligned with the labor market demands and trends in the State of Michigan; and

3.1.3 Provide data and information to VR counselors to ensure that they are aware of labor market demands and trends.

3.2 Provision of Pre-employment Transition Services

3.2.1 Review all pre-employment contracts and transition curricula and revise, as appropriate, to ensure the allowability of each service being provided;

3.2.2 Analyze the degree to which services are consistent with the definition of each of the five required activities and make adjustments to the contracts as necessary; and

3.2.3 Develop training for MRS and CIL staff to address lack of information and clarity regarding what constitutes the five required pre-employment transition services.

E. Findings and Corrective Actions to Improve Performance

RSA's review of the performance of MRS in this focus area did not result in the identification of any findings or corrective actions to improve performance.

F. Technical Assistance Provided

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

- The pre-employment transition services policies were in draft form at the time of this review. MRS was working closely with the WINTAC regarding its policies, although no formal Comprehensive Technical Assistance plan had been developed. RSA also reviewed the agency's policies governing pre-employment transition services and provided feedback.
- MRS categorized some services as pre-employment transition services that are not identified under section 113(b) of the Rehabilitation Act and 34 C.F.R. § 361.48(a) as allowable required activities. In response to RSA's document request, MRS provided a printout of pre-employment transition services authorizations, not all of which reflected allowable required activities. RSA provided technical assistance regarding these services and informed the agency that job coaching, comprehensive vocational assessment, other types of assessment, and transportation were not allowable required pre-employment transition service activities and could not be charged to the reserve. Further, RSA provided guidance regarding the distinction between vocational assessment and vocational exploration, specifically indicating that services that extend beyond vocational exploration are not allowable for purposes of the pre-employment services reserve. RSA explained that MRS should implement internal controls to ensure all required activities are consistent with the statutory and regulatory requirements.
- RSA provided feedback regarding the agency's website, and the fact that it did not have content regarding pre-employment transition services (e.g., a description of who is eligible for such services and a description of the services themselves). RSA recommended that the website include clarification regarding coordination and required activities i.e., MRS agreed

that the availability of pre-employment transition services should be included on its website, and indicated that it would be developing appropriate content, but that it would likely take some time before the website would be updated, since all proposed media content had an extensive clearance process.

- MRS had developed tri-fold brochures and outreach flyers for transition services for youth with disabilities. RSA reviewed these documents and provided feedback specifically regarding the comprehensive assessment language used. MRS agreed to remove such language to align activities identified in the brochure with allowable pre-employment transition services.
- RSA provided clarification regarding the distinction between required activities, authorized activities, and coordination activities. RSA also provided direction regarding the requirement for the agency to cost allocate when a specific service incorporates pre-employment service components that are allowable along with components that are not allowable.
- RSA reviewed the SEA agreement and provided feedback that it needed to include criteria to guide LEA and VR staff in determining who will pay for services in instances where either entity could provide the service.
- RSA discussed how to manage pre-employment transition services cases effectively in response to questions posed by the agency. Specifically, MRS asked about the appropriate exit point for students with disabilities who no longer require pre-employment transition services but may need them in the future. RSA clarified that a student with a disability is no longer receiving pre-employment transition services once MRS reports no services have been provided during the quarterly reporting period.
- MRS will continue to work with the WINTAC to address additional technical assistance needs as they arise.

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 Rehabilitation Act, as amended by WIOA, and regulations in 34 C.F.R. 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 Rehabilitation Act that governs the Supported Employment program. The amendments to title VI are consistent with those made throughout the Rehabilitation 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 Rehabilitation Act, as amended by WIOA, covered in this focus area included:

- The extension of the time frame for the provision of supported employment services from 18 to 24 months (section 7(39)(C) of the Rehabilitation Act, 34 C.F.R. § 361.5(c)(54)(iii), and 34 C.F.R. § 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 Rehabilitation Act, and 34 C.F.R. § 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 Rehabilitation Act and 34 C.F.R. § 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 Rehabilitation Act and 34 C.F.R. § 363.51).

To facilitate the provision of monitoring and technical assistance activities, and in preparation for the on-site visit, the RSA and MRS 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;
- Third-party cooperative arrangements and/or cooperative agreements with employers, State agencies, private nonprofit organizations, and other groups that fund extended services;
- Third-party cooperative arrangements and/or cooperative agreements with supported employment vendors and associated community rehabilitation programs (CRPs);
- Supported employment assurances 5, 6, and 7 and descriptions e, j.1.A, k.2.B, l.2, n, o, p, and q and any additional information from the VR services portion of the most recently approved Unified State Plan;
- Procedures to limit expenditures on administrative costs to 2.5 percent of the State's supported employment award; and
- Performance data related to the number and percentage of individuals with the most significant disabilities receiving supported employment services and achieving supported employment outcomes.

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

- The VR agency director and other senior managers;
- VR agency supported employment coordinators and staff;

B. Overview

MRS provides supported employment services on a statewide basis through 35 cash transfer agreements with local community mental health (CMH) providers. Although services are provided statewide, the quality and quantity of services available in a particular area vary depending on the particular CMH provider involved. At the time of the review, MRS had developed a draft agreement with the Behavioral Health and Developmental Disabilities Administration (BHDDA), which MRS staff hoped would provide more consistent Statewide services. MRS is largely dependent upon BHDDA for the provision of extended services; therefore, the populations most likely to receive supported employment services are individuals with developmental disabilities or mental health disabilities. Individuals with most significant disabilities who do not fall into these categories are rarely provided with supported employment, as a source of extended services is not readily available for them.

Because individuals with disabilities may remain in school until the age of 26 in Michigan, and because MRS may only pay for extended services for youth with disabilities until the age of 25, at which time an adult service provider should pay for extended services, there is a gap of one year for youth who wish to pursue supported employment. The CMH providers are reluctant to work with students who are still in school. This situation was one that MRS found challenging and may account for the low numbers of youth in supported employment, discussed further in this section, and at the time of the review the situation was one the agency was struggling to address.

By the time of the review, MRS had developed supported employment policies to address the new provisions in WIOA. The policies were clear, well-written, and consistent with WIOA for the most part, and they were discussed with staff during staff meetings. The policies were at the final draft stage at the time of the review and were to be issued in final shortly afterward. MRS recognized that they needed to conduct broader training on these policies once issued.

C. Analysis of Performance and Observations

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

4.1. Quality and quantity of supported employment outcomes

Observation: The quantity of supported employment outcomes and the quality of these outcomes of MRS' performance, as measured by hourly earnings and average hours worked per week, is below the performance of general agencies nationally.

- MRS serves a small percentage of individuals in supported employment. Of all individuals obtaining employment, only 2.6 percent achieved supported employment in FFY 2014, spiking to 6.0 percent in FFY 2015, and then decreasing to 2.8 percent in FFY 2016, compared to the national performance of 13.0 percent for general agencies in FFY 2016.
- For youth under age 25 at exit, the results varied even more when compared to the national performance. In FFY 2014, 2.2 percent of youth under the age of 25 at exit achieved supported employment, spiking to 7.4 percent in FFY 2015, and then decreasing to 1.8 percent in FFY 2016, compared to the national performance of 17.9 percent for general agencies in FFY 2016.
- In addition, for those individuals in supported employment, MRS' performance was lower than that of general agencies nationally in terms of hourly earnings and average hours worked. For individuals exiting in supported employment, the average hourly wage was \$7.65 in FFY 2014, rising to \$8.82 in FFY 2016, below the \$9.67 hourly earnings of general agencies nationally. Further, individuals in supported employment served by MRS worked an average of 19.2 hours a week in FFY 2014, which rose to 20.6 hours per week in FFY 2016, compared to the national performance for general agencies of an average of 22.7 hours worked per week.

4.2. Inaccurate coding of supported employment cases

Observation: The data MRS reported for individuals in supported employment appear to be inconsistent from year to year, with no apparent explanation for the inconsistencies, even though care must be taken in drawing conclusions from the data since the numbers of individuals in supported employment are small.

- The percentage of individuals exiting in supported employment who received on-the-job supports (supported employment) varies from year to year and is low compared to the national performance of other general agencies. In FFY 2014, no individuals in supported employment were reported to have received this service; in FFYs 2015 and 2016, the percentages reported were 38.6 percent and 49.5 percent, respectively, compared to the national performance of 62.5 percent for general agencies in FFY 2016. MRS could neither explain why zero individuals were reported to have exited in supported employment in FFY 2014, nor why its data were lower than the national performance in FFYs 2015 and 2016.
- In FFY 2016, 9.5 percent of individuals exiting in supported employment were reported to have received customized employment, after no individuals exiting in FFY 2014 and 2015 received this service. The agency had no explanation for these data.
- The percentage of individuals exiting in supported employment spiked in FFY 2015, from 2.8 in FFY 2014 to 2.6 in FFY 2016. Here again, the agency had no explanation for this data spike.

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 Quality and quantity of supported employment outcomes

- 4.1.1 Evaluate the reasons why individuals in supported employment are not achieving higher hourly wages and more hours worked per week and develop strategies to address these challenges;
- 4.1.2 Encourage counselors to work with individuals pursuing supported employment to determine what training opportunities and other supports they need to succeed; and
- 4.1.3 Explore how customized employment might be implemented in Michigan to assist individuals with the most significant disabilities to achieve employment.

4.2. Inaccurate coding of supported employment cases

- 4.2.1 Analyze the supported employment data to determine whether the inconsistencies in the data identified are a result of varying practices from year to year or inaccurate coding; and
- 4.2.2 Develop a system of internal controls to review data for individuals exiting in supported employment.

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 any findings and corrective actions to improve performance.

F. Technical Assistance

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

- RSA clarified that if extended services are not available at the time the IPE is developed, the IPE should be developed with an indication that the extended services will be identified. RSA explained that this provision is meant to encourage counselors to utilize supported employment in cases where it is appropriate for the consumer even when the source of extended services is not immediately known at the time of IPE development.
- RSA provided further guidance on the time frames for supported employment, specifically, that there should be an exception to the maximum of 24 months of supported employment services if someone needs more time before transitioning to extended services. In addition, RSA discussed the requirements for employment on a short-term basis. Specifically, RSA explained that this is a good option for someone who is working, is not able to earn competitive wages, but wishes to work toward that goal. In addition, if an individual is employed on a short-term basis in an integrated setting while working toward competitive wages, RSA clarified that services should be paid for with VR rather than supported employment funds.
- Although MRS provides benefits counseling during the VR process, RSA discussed the value of having these conversations earlier in the process, perhaps even at application, when the individual and his/her family are first considering involvement with the VR agency. RSA discussed the provision of benefits counseling as a way to encourage individuals to work at higher wages and for more hours than they might otherwise be inclined to do.
- RSA discussed the need to provide supported employment to individuals who have most significant disabilities other than developmental disabilities or mental health issues. MRS understood this but the agency was unsure of how to train staff on developing natural supports. RSA encouraged the agency to reach out to the WINTAC for technical assistance in this area.
- RSA discussed customized employment with MRS and suggested the agency reach out to the WINTAC, which is assisting State VR agencies to establish customized employment models to serve individuals with the most significant disabilities.

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; MRS 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 MRS' 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 C.F.R. 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 C.F.R. 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 Rehabilitation Act and VR and Supported Employment program implementing regulations in 34 C.F.R. part 361 and 34 C.F.R. 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 MRS (e.g., Federal Financial Reports (SF-425), Annual VR Program/Cost Report (RSA-2), and the VR services portion of the PY 2016 Unified 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, and private donations), maintenance of effort (MOE), and program income documentation.

Prior to conducting the review, RSA provided MRS 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

A review of MRS' written policies and procedures revealed several layers of internal controls related to the process necessary for purchased client services. VR Counselors have maximum delegated financial approval authority, determined by the District Manager and established in the case management system. As expenditures increase, the individuals delegated to approve the expenditures included VR Counselors, followed by Managers and Division Directors, and finally

the MRS Director for expenditures that equal or exceed \$3,000. In addition, MRS has implemented a four-step authorization process that requires at least three individuals to complete a draft authorization, issue an authorization, draft a payment, and release a payment. This process has been built into the case management system, and requires a separation of duties to ensure internal controls are maintained.

A challenge that MRS anticipated was a transition to a new State accounting system, scheduled to occur on October 1, 2017, resulting in new processes and accounting codes to which the agency must adapt. These new processes will affect the manner in which the agency tracks non-Federal and Federal funds, and cost categories, including tracking and charging personnel costs.

During FFYs 2014 through 2016, MRS' non-Federal share reported on the SF-425 as match for the VR program increased from \$19,988,410 in FFY 2014 to \$24,476,013 in FFY 2016. During the three-year span, the VR match was primarily generated from four sources: State appropriations that increased from 69.78 percent to 76.12 percent of total match; interagency transfers of funds that decreased from 26.58 percent to 20.55 percent; TPCAs that decreased from 1.34 percent to 1.14 percent; and other sources that ranged between a low of 2.19 and a high of 6.33 percent during the three-year period. The agency only had two TPCAs in place at the time of the on-site, and was considering the termination of the last two arrangements.

Despite the increase in match across FFYs 2014 through 2016, MRS had to leave a balance of \$2,199,295 in FFY 2016 VR funds in G5 because it had not provided sufficient match for all of its net Federal award, which included \$6,000,000 in additional reallocation funds.

In FFY 2015 MRS incurred a \$3,418,071 MOE penalty, and in FFY 2016 the agency incurred a \$7,021,722 MOE penalty, which resulted from confusion surrounding non-Federal share responsibilities of designated State agencies at the time of the reorganization in FFY 2013 (October 1, 2012).

The agency did not report engaging in any establishment or construction projects during FFYs 2014 through 2016.

The amount of program income that MRS earned in FFYs 2014 through 2016 ranged from a low of \$2,533,576 in FFY 2014 to a high of \$3,461,270 in FFY 2015. In all three FFYs, all or most of the program income earned in the VR program was transferred to the State Independent Living Services (SILS) program.

The amount of Federal VR funds carried over into the subsequent FFY has increased each year, from a low of \$18,519,409 in FFY 2014 up to \$39,246,162 in FFY 2016.

According to the RSA-2 report, the percentage of total VR and Supported Employment award expenditures for administrative costs has remained fairly stable during FFYs 2014 through 2016, from a low of 31.38 percent in FFY 2014 to a high of 33.34 percent in FFY 2015. Similarly, the percentage of purchased client services was stable during the three-year span, at 33.29 percent in FFY 2015 and 34.06 percent in FFY 2014.

C. Analysis of Performance and Observations

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

D. Findings and Corrective Actions to Improve Performance

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

5.1 Prior Approval Not Obtained

Issue: Did MRS satisfy the prior approval requirements in accordance with 2 C.F.R. § 200.407 and §200.439.

Requirement: The Uniform Guidance at 2 C.F.R. § 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 unreasonableness or nonallocability. For example, 2 C.F.R. § 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 provisions at 2 C.F.R. § 200.62(a) and § 200.303(a) also require 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 C.F.R. part 200 ([Federal Register notice 80 FR 67261](#)). The Department issued notifications to grantees regarding the new requirements and made training and technical assistance documents available to grantees to assist in implementation of the new requirements. To ensure that RSA grantees were aware of the applicability of the prior approval requirements, RSA included a special clause on 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 C.F.R. 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 C.F.R. 200 subpart E)." In addition, information regarding the requirements in 2 C.F.R. part 200 was communicated to grantees via RSA's listserv on September 23, 2015.

Analysis: RSA requested the agency's written policies, procedures or processes that ensure the agency was meeting the prior approval requirements. While the agency provided policies and procedures for prior approval that identified authorization levels requiring approval for purchased services within MRS and the State, it did not have prior approval policies or procedures consistent with those identified in Uniform Guidance at 2 C.F.R. § 200.407 that require approval from RSA as the Federal awarding agency. Discussions with the agency prior to and during the onsite indicated that the agency has purchased items that met the definition of equipment in accordance with 2 C.F.R. § 200.33 and § 200.439, exceeding the State's capitalization threshold of \$5,000.

As a result, RSA has determined that the agency required prior approval from RSA as the Federal awarding agency before purchasing equipment, but prior approval was not sought or obtained. In addition, without written policies the agency does not have a process to determine the allowability of such costs as is required in 2 C.F.R. § 200.302(b)(7).

Conclusion: As a result of the analysis, MRS did not meet the prior approval requirements pursuant to the Uniform Guidance (2 C.F.R. § 200.407) or the requirement to have written procedures for determining the allowability of costs in accordance with Subpart E – Cost Principles within Uniform Guidance (2 C.F.R. § 200.302(b)(7)).

Corrective Action Steps:

RSA requires that MRS develop and implement policies and procedures, as well as a written internal control process, including a monitoring component, to ensure ongoing compliance with the prior approval requirements, in accordance with RSA Technical Assistance Circular (TAC) 18-02.

5.2 Internal Control Deficiencies

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

Analysis: RSA found areas of concern, listed below, that fall within the internal control focus area.

A. Payment for VR Services

1. Reasonableness of Rates of Payment for VR Services – During on-site discussions with MRS management and review of the agency's policies regarding VR services, RSA learned that MRS has a one-page written policy that governs the rate-setting methodology it uses to assign costs for purchased VR services. A review of this policy revealed language indicating the maximum rate of payment for services shall be the usual, customary and reasonable (UCR) rate charged for the service not to exceed that charged other public agencies. However, the policy lacks procedures and internal controls to

ensure rates for purchased VR services are reasonable and necessary consistent with Uniform Guidance. While the policy does reference UCR rates not to exceed the rate charged other public agencies, MRS did not provide documentation that identifies a process for review or enforcement to ensure these tenets are met.

Discussions with agency staff members during the on-site visit demonstrated that local district managers work with community rehabilitation programs (CRPs) and CILs to establish rates; however, MRS staff members indicated the CRPs provide their rates to MRS at the local level, and often fees are uploaded to an MRS shared drive for VR Counselor reference, without a procedure to vet the rate and ensure it meets policy standards. As a result, MRS staff members indicated that rates are highly variable across the State. RSA's review of rates in CIL contracts demonstrated how rates increased 50 percent to over 100 percent in some instances over several months in FFY 2016 (e.g., an increase from \$600 to \$1,665 for benefits planning).

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

2. Costs for Appointment Cancellations or No Shows – As part of the monitoring effort, RSA reviewed a policy entitled “Billing – Payment for Services” that indicated when goods or services were not rendered to the extent authorized, amounts approved for payment should be adjusted accordingly. Payment for missed appointments may not exceed 50 percent of the amount authorized.

RSA reviewed language in CIL contracts, in section 3 (MDHHS Responsibilities), subsection 3.1 (Payment) that stated, “One missed appointment fee may be charged per authorization...at 10 % of the authorization or \$100, whichever is lower.” Additionally, language further states, “A service not fully completed by the customer may be submitted for partial payment when the customer completed over 50% of the services but did not

complete the full service as outlined. In such instances 50% of the value of the authorization may be billed to account for vested time and effort by the CIL.”

The Federal cost principles require that costs charged to an award must be allowable, reasonable and allocable to the program (2 C.F.R. § § 200.403 through 200.405). Title I VR funds must be used solely for expenses incurred to provide VR services or administer the VR program (section 111(a)(1) of the Rehabilitation Act and 34 C.F.R. § 361.3). To be allocable to a program, the cost must be relative to the benefit received (2 C.F.R. § 200.405(a)). Because MRS has policies and contract language that result in payment for VR services not rendered, MRS cannot ensure that all expenditures incurred for the provision of purchased VR services are allowable, reasonable, and allocable to the VR program. Therefore, MRS cannot assure that it is administering the VR program in a proper and efficient manner that ensures financial accountability. For these reasons, MRS has not complied with the VR administration and internal control requirements set forth at 34 C.F.R. § 361.12 and 2 C.F.R. § 200.303(b), respectively.

B. Monitoring of VR Services

The Uniform Guidance at 2 C.F.R. § 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 C.F.R. § 200.328(a) requires MRS to be responsible for the operation of all grant-supported activities. VR implementing regulations at 34 C.F.R. § 361.12 require MRS to employ methods of administration necessary for the proper administration and carrying out all function under the State plan. These methods include procedures to ensure accurate data collection and financial accountability. As such, MRS 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 MRS’ TPCAs contracts. RSA noted that the mechanism to track and account for cooperating agency staff time spent working on the TPCA, the value of which is reported as match for the VR program, involved two functions at different levels of the VR agency that were not reconciled or reviewed. At the local level, District Managers review and maintain Time and Personnel Activity Reports (TPARs) completed by cooperating agency staff members when they document their time spent working on the TPCA. At the State level, annual certification documentation that totals all the certified expenditures of cooperating agency staff time working on the TPCA is sent from the cooperating agency to the MRS State office level, where it is recorded as match and reported on the SF-425. However, there is no mechanism to monitor or reconcile the annual certification total match received at the State level to the local office TPCAR total to ensure what is recorded as match for the VR program is accurate. During on-site discussions, MRS proposed adding a signature line on the annual certification reports to provide a feedback loop for monitoring and reconciliation; whereby, District Managers could sign to verify that the total cooperating agency staff time spent working on the TPCA program and the corresponding non-Federal value of certified expenditures is accurate.

RSA also discussed the costs reported as pre-employment transition services reserve expenditures from the Michigan Career and Technical Institute (MCTI), MRS' State-owned, State-operated comprehensive rehabilitation center, where the agency provides pre-employment transition services required activities to students with disabilities. During the summer, MCTI conducts two, one-week Postsecondary Education Rehabilitation Transition (PERT) program sessions. The costs to operate the two PERT sessions include salaries for MCTI counselors, instructors, leisure staff, dorm staff, fire and safety staff, food service staff, and health staff, all of which are reported as pre-employment transition services reserve expenditures. In addition, during the school year VR Counselors refer students with disabilities to MCTI to receive pre-employment transition services required activities. VR Counselors assign a budgeted service fee in MRS' case management system for the services, based upon the pre-employment transition services the student will receive at MCTI, which is charged to reserve funds.

Section 110(d)(2) of the Rehabilitation Act indicates that reserve funds shall not be used to pay for the administrative costs of providing pre-employment transition services. Costs associated with the PERT program and budgeted service fees for required activities provided throughout the year include administrative costs (e.g., dorm staff, fire and safety staff, food service staff, and health staff) that cannot be counted as reserve expenditures in accordance with section 110(d)(2) of the Rehabilitation Act. In addition, MRS/MCTI has not implemented a mechanism to reconcile the value of the service fee to the actual, after-the-fact costs for providing the required activities, to ensure expenditures reported under the reserve are accurate, do not represent administrative costs, and are allowable charges to the pre-employment transition services reserve.

Conclusion: MRS does not maintain effective internal controls over the Federal awards necessary to provide reasonable assurances that it is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award, as required by 34 C.F.R. § § 361.3(a) and 361.12, and 2 C.F.R. § § 200.302 and 200.303. Specifically, MRS did not satisfy the requirements in 34 C.F.R. § § 361.3 and 361.12, and 2 C.F.R. § 200.302(a) and (b)(4) that require a State's financial management systems to be sufficient to permit the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal requirements, and that funds are spent solely on authorized VR activities, because an internal control deficiency for governing rates of payment for purchased VR services exists. MRS did not demonstrate the agency has established and maintained written policies that govern the rates of payment for all purchased VR services, as required by 34 C.F.R. § 361.50(c)(1), to ensure that fees are allowable, reasonable, necessary, and allocable, as required by Federal cost principles in Uniform Guidance.

Additionally, MRS does not have sufficient mechanisms to monitor and reconcile the value of TPCA cooperating agency staff time that is reported as match for the VR program, or to ensure that MCTI expenditures reported under the pre-employment transition services reserve are accurate, allocable and allowable, in accordance with sections 110(d)(2) and 113(b) of the Rehabilitation Act.

Corrective Action Steps:

RSA requires that MRS:

- 5.2.1 revise its written policies and procedures governing the manner in which MRS will set fees for purchased VR services, including pre-employment transition services, based on reasonable costs established by the agency, as required by 34 C.F.R. § 361.50(c)(1);
- 5.2.2 cease charging to the VR program cancellation or no-show fees that are not allocable, allowable, or benefit the VR program;
- 5.2.3 develop or revise written policies and procedures governing the oversight of grant-supported activities, particularly with respect to activities performed under TPCAs with MRS, as required by 2 C.F.R. § 200.328(a); and
- 5.2.4 develop and implement a mechanism to ensure costs for all pre-employment transition services required activities provided at MCTI are allocable and allowable under the reserve, in accordance with 2 C.F.R. § 200.405 and sections 110(d)(2) and 113 of the Rehabilitation Act, and implement a mechanism to reconcile budgeted service fees at MCTI to actual costs spent providing the services.

5.3. Unallowable Sources of Match in the VR Program

Issue: Did MRS meet non-Federal share requirements in 34 C.F.R. § 361.60. This area of monitoring is included on page 54 of the MTAG.

Requirements: VR implementing regulations require a State to incur a portion of expenditures under the VR services portion of the Unified State Plan from non-Federal funds to meet its cost sharing requirements (34 C.F.R. § 361.60(b)). The Federal share for expenditures made by the State, including expenditures for the provision of VR services and the administration of the VR services portion of the Unified State Plan, is 78.7 percent. The State's share is 21.3 percent. The non-Federal share of expenditures reported by September 30 of the year of appropriation must be sufficient to permit the drawdown of Federal funds needed to pay obligations incurred during the year of appropriation, plus the amount of Federal funds, if any, the grantee plans to carry over for obligation and expenditure during the carryover period of the award. Non-Federal funds obligated during the year of appropriation of an award are allowable match for the VR program if those obligations are liquidated.

Analysis: In Michigan, the Statewide Independent Living Council (SILC) receives a small appropriation of general funds from the State. During the on-site visit, RSA learned that SILC staff report time performing activities they think benefit the VR program, then MRS fiscal staff record the value of this time as match for the VR program on the SF-425 report, amounting to \$11,200 in FFY 2016, \$26,800 in FFY 2015, and \$65,000 in FFY 2014. However, the match does not represent a cash transfer to, or expenditures under the control of, the VR program, because these activities are those that the SILC staff choose to undertake. Onsite, MRS provided documentation including a description of the FFY 2016 SILC activities, time spent on each activity, and the hourly rate used to calculate the total match reported to MRS. A review of the FFY 2016 documentation indicated that the value assigned to the time spent working on these

activities is not based upon a verified salary of SILC staff members; rather, it was a flat rate of \$100 per hour assigned to all costs, regardless of the individual conducting the activity. RSA understands that the Michigan Statewide Independent Living Corporation is registered with the Internal Revenue Service as a non-profit entity (501(c)(3) corporation).

RSA reviewed the VR regulations at 34 C.F.R. § 361.60 to determine whether this mechanism would satisfy the matching requirements for the VR program. Since the \$11,200 is not a cash transfer of funds to MRS that it controls, but represents an assigned value of SILC time spent conducting activities, RSA first reviewed VR provisions at 34 C.F.R. § 361.28 to assess whether these funds meet the requirements for certified expenditures under a TPCA. Under such an arrangement, the cooperating agency must be a State or local public agency that provides some, or all, of the match for VR services provided. Additional requirements include: the VR services must be provided only to applicants for, or recipients of, services from the VR program; those services must be different from the usual services provided by that other public agency; and the expenditures made and the staff providing those services must be under the administrative supervision of the VR agency. However, since the SILC is organized as a non-profit entity, it is not a public agency, as defined under Education Department General Administrative Regulations (EDGAR) at 34 C.F.R. § 77.1, and required under the VR regulations governing TPCAs at 34 C.F.R. § 361.28. Moreover, even if the SILC, as the Council itself (rather than its non-profit arm) could be considered a public agency under 34 C.F.R. § 77.1, the SILC does not provide VR services as is required of the public cooperating agency pursuant to 34 C.F.R. § 361.28. RSA reviewed the documentation for the activities that the SILC reported to MRS, and none of the activities constitute the direct provision of VR services to applicants or recipients. In fact, a portion of the activities appear to be those the SILC is required to conduct pursuant to section 705(c) of the Rehabilitation Act that outline its functions and duties. Finally, the funds at issue under these agreements are not certified expenditures tied to the salary or wages of an individual providing direct VR services to VR applicants or recipients. Therefore, the SILC neither qualifies as a public agency, nor does it provide direct VR services, necessary to meet TPCA requirements set forth at 34 C.F.R. § 361.28.

RSA reviewed this mechanism to determine if it met any other VR match provisions at 34 C.F.R. § 361.60(b). Private entities are allowed to provide contributions to the State VR agency, pursuant to 34 C.F.R. § 361.60(b)(3), for helping the VR agency satisfy its matching requirements. However, under 34 C.F.R. § 361.60(b)(3)(iii), the donor, or an entity with whom the donor shares a financial interest, cannot benefit from the financial contribution. The SILC could potentially benefit from the contribution. Even if the SILC had provided the \$11,200 to MRS as a private donation, a VR agency cannot first receive a contribution from the SILC and then give the money back to it, including innovation and expansion VR funds, as provided for in 34 C.F.R. § 361.60(b)(3)(iii). If indeed innovation and expansion funds are provided to the SILC through its resource plan, MRS would not be providing VR funds through a competitive process. Therefore, this mechanism would not comply with the requirements of 34 C.F.R. § 361.60(b)(3). To comply with this provision, the SILC would need to give the funds as an outright donation to MRS with no expected benefit in return.

Since the SILC neither constitutes a public agency that is directly providing VR services to VR applicants or consumers, nor is it a private entity that donated \$11,200 in funds to MRS without anticipation of receipt of benefit in return, the \$11,200 constitute in-kind expenditures and are not allowable as match under the VR program, in accordance with 34 C.F.R. § 361.60(b)(2).

Conclusion: As a result of this analysis, MRS did not meet the non-Federal share requirements in 34 C.F.R. § 361.60(b), because the agency reported in-kind contributions from the SILC as match for the VR program. Since match and maintenance of effort are State requirements, and the State of Michigan has two VR agencies, RSA will review the extent to which the State met its match requirement subsequent to these monitoring efforts.

Corrective Action Steps:

RSA requires that MRS:

- 5.3.1 cease reporting costs for unallowable SILC activities that do not meet VR program requirements at 34 C.F.R. § 361.60(b) or 34 C.F.R. § 361.28 as match for the VR program;
- 5.3.2 revise and implement policies and procedures related to non-Federal share to correctly account for allowable VR program match; and
- 5.3.3 revise SF-425 reports to reflect accurate non-Federal expenditures and ensure accurate reporting of non-Federal share in future submissions.

E. Technical Assistance

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

- During the on-site visit MRS demonstrated its process for assigning all authorizations (obligations) to the Federal fiscal year of appropriation in its case management system. When those obligations must be paid, the State accounting office determines whether to draw year of appropriation or carryover funds to pay for the obligations without ensuring obligations and expenditures are assigned, tracked, and accounted for within the same FFY award. However, since obligations assigned to the Federal fiscal year of appropriation will coincide with the period of performance of the prior year award's carryover year – when all carryover requirements for that prior year's award have been met – this process is consistent with period of performance requirements. At the time of the on-site visit, MRS and the State were preparing for the transition to a new State accounting system on October 1, 2017. The new system will change drawdowns and expenditures such that each dollar obligated is split 21.3/78.7 percent between non-Federal and Federal funds, which will affect the ratio of drawdowns in the same proportions. RSA provided technical assistance to MRS emphasizing the requirement to ensure that the obligations and expenditures are assigned, tracked and accounted for in the new system with internal controls sufficient to meet period of performance and Federal requirements.

- RSA provided related technical assistance to MRS regarding the need to track obligated and unobligated Federal and non-Federal funds in order to determine whether the VR award meets the requirements for a carryover period. RSA clarified that by September 30th of the Federal fiscal year of appropriation, an award must have unobligated Federal funds that have been matched in order to qualify for a carryover period and extend the period of performance of the award. RSA further explained that if all Federal funds are obligated by September 30 of the Federal fiscal year of appropriation, the agency will not qualify for a carryover period, and the liquidation period will end 90 days after the period of performance is over. RSA provided TA to MRS to develop a process to conduct a review of its non-Federal and Federal expenditures, obligations and unobligated funds before submitting its annual 9/30 SF-425 for the Federal fiscal year of appropriation and referred the agency to the [Period of Performance FAQs](#) posted on the RSA website.
- A few years ago MRS worked with the Disability Network of Michigan and the State legislature to amend State appropriation language to transfer State funds previously appropriated to CILs to MRS, with the purpose of funding VR services, but stipulating MRS must enter into mutually beneficial agreements with the CILs. RSA provided a suggestion for Michigan to consider the removal of that language and for the State to follow its standard State procurement processes; however, the State did not choose to incorporate RSA's revisions. The State procurement manual indicates competitive bids/requests for proposals (RFPs) are not required if statutory language indicates how funds are to be managed, as this legislation does. MRS' contracts with CILs are for the provision of VR and pre-employment transition services required activities. RSA provided technical assistance for the agency to continue its monitoring of CIL contracts to ensure the agency is receiving satisfactory performance outcomes for the costs paid, particularly since these are non-competitive contracts.
- During the on-site visit, RSA learned that MRS is tracking staff time spent providing pre-employment transition services required activities to students with disabilities across local district areas. However, instead of applying the salary of the individual MRS employee to the number of hours spent providing required activities, MRS is adding up all hours of staff time spent providing required activities in the local district, but multiplying that total by an average VR Counselor salary, the result of which is charged to the reserve. RSA provided technical assistance to MRS that the Uniform Guidance standards for documentation of personnel expenses at 2 C.F.R. § 200.430(i)(vii) require supporting documentation to include support for the distribution of the individual employee's salary or wages among the specific cost objectives that employee is working on. RSA discussed the need for MRS to revise its procedures to ensure that MRS staff time tracked is accurate and that individual employee salaries are applied to the hours that are worked by that employee when charging staff time to any cost objective or award.
- RSA provided additional technical assistance about tracking pre-employment transition services activities conducted by MRS staff members. RSA clarified that tracking MRS staff member time down to the level of each required, authorized or coordination activity is not required, but tracking time across the three categories of pre-employment transition services activities is a good practice that will provide MRS useful data to ensure forecasting of its reserve funds is sufficient to provide required activities before the agency begins providing

authorized activities. In addition, these data will permit RSA to calculate service cost projections that include agency staff expenditures. RSA discussions with MRS and DHS staff about the transition to the new State accounting system indicated that the procedures for tracking MRS staff time, currently conducted in the agency's case management system, will move to the State accounting system, and may help to address the pre-employment transition services reserve tracking concerns.

- A review of the agency's contract and service monitoring processes revealed that MRS has established and implemented procedures for monitoring CILs. MRS developed its CIL review procedures based upon the RSA CIL review process from several years ago, looking at internal controls, case file standards, CIL standards, education standards, and this past year a review of CIL board regulations. MRS conducts a risk assessment, reviewing various factors, and the higher risk CILs are monitored first. The fiscal portion assesses the financial solvency of the CIL, reviews total expenditures and service costs, the allocability of costs charged to VR, and the use of a case management system for tracking expenditures. At the time of the on-site visit three reports had been issued. However, a review of the process MRS uses to review other CRPs that provide VR services indicated that the monitoring process is not as robust as the process implemented for the CILs. RSA provided technical assistance to MRS that it must review all grant supported activities in such a manner that assures compliance with Federal requirements and that performance expectations are achieved (2 C.F.R. § 200.328(a)). RSA suggested that MRS review its current CRP monitoring process and revise it to ensure that CRP monitoring reviews are conducted in a manner that meets the Uniform Guidance provisions and the requirements for administration of the VR program (34 C.F.R. § 361.12).
- RSA discussed SF-425 report procedures with MRS and DHS staff members, and learned that semi-annual reports report that all Federal funds have been obligated by March 31st, without verification that this is accurate. RSA provided TA that the agency should have mechanisms in its systems to ensure financial accountability and track obligations, along with expenditures and unobligated funds, and to ensure that these processes are developed and implemented as the State transitions to a new accounting system. Additionally, RSA clarified that all semi-annual, annual and final SF-425 reports should reflect the accurate amount of Federal and non-Federal funds expended, obligated and unobligated.
- RSA provided technical assistance to MRS regarding program income, specifically indicating that financial participation for needs testing college training that results in consumers providing their contributions to MRS should be reported as program income. Additionally, RSA understands that MRS Agency transfers \$2.3 million in program income to the SILS program annually; however, MRS has been transferring program income other than Social Security Administration (SSA) reimbursements (i.e., PELL reimbursement from MCTI) to the SILS program. RSA clarified that MRS may only transfer SSA reimbursements to other eligible programs, in accordance with 34 C.F.R. § 361.63(c)(2). RSA indicated that program income will include any fees received at MCTI from VR recipients of other States that pay to attend training at the center. RSA suggested that MRS and DHS may benefit from developing more formalized SF-425 reporting instructions to help train new staff and ensure consistency in the use and reporting of unliquidated obligations and program income.

- RSA provided technical assistance to MRS and DHS about RSA-2 reporting, indicating that services to groups (Schedule I, line 3.e – all other) should not include VR SSA program income transferred to the SILS program. MRS may benefit from developing more formalized RSA-2 reporting instructions to ensure accurate reporting and help train new staff.

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 C.F.R. part 361.

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

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, as amended by title IV.

Through this focus area, RSA:

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

This focus area consists of the following topical areas: Governance, Unified State Plan, One-Stop Operations, and Performance Accountability. To gather information pertinent to these topics, RSA reviewed the PY 2016 Unified 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 MRS director and management staff, MRS program

specialists, and a representative of the Michigan Department of Talent and Economic Development.

B. Overview

Governance

MRS is represented on the Michigan State Workforce Development Board (SWDB) by the VR Director for MRS. The VR Director represents both MRS and BSBP as the appointed WIOA title IV program representative. MRS and BSBP are located under separate designated State agencies, the Department of Health and Human Services (DHHS) and the Michigan Licensing and Regulatory Affairs (LARA), respectively. SWDB meetings are conducted on a quarterly basis. The Director for MRS reported the agency has been meeting monthly with the Director of BSBP to discuss matters related to the State Board as the sole representative to the Board for both VR programs.

Michigan is comprised of 16 Local Workforce Development Boards (LWDBs). VR is represented on 15 of the 16 LWDBs, with MRS represented on each of the 15 boards and BSBP represented on one of the boards in addition to the MRS member. One Board that does not have a representative from VR, which covers the Detroit area, recently had the VR representative replaced by the executive director for a CRP that serves individuals with autism. Please refer to the Technical Assistance section F of this focus area for additional information regarding this matter.

Unified State Plans

In addition to the quarterly SWDB meetings, MRS reported attending regularly scheduled meetings with the other members of the workforce development system, including monthly meetings with Director of BSBP, to discuss the development, modification and continual assessment of the Michigan Unified State Plan. As a result, MRS believes the Unified State Plan adequately represents individuals with disabilities in the State's strategies and operational elements to implement the State's vision and goals.

MRS recently contracted with Michigan State University Office of Rehabilitation and Disability Studies (Project Excellence) to develop the agencies comprehensive statewide needs assessment (CSNA) to facilitate the planning of services to individuals with disabilities and to assess the needs of all individuals with disabilities across the State. The results of the assessment were included in the modification of the Michigan Unified State Plan and used in the development of the VR portion of the Unified State Plan goals and priorities for program years 2018 and 2019. The modified State Plan was implemented on July 1, 2018.

One-Stop Delivery System

The Michigan Talent Investment Agency (TIA), located under the Michigan Department of Talent and Economic Development, is the lead workforce development entity. Michigan has 16 local areas and Workforce Development Boards, consisting of 74 comprehensive one-stop centers and 19 affiliate sites. MRS was not co-located at any of the sites, but reported a pilot is underway to co-locate the MRS office in one site by the end of FFY 2018. MRS will explore expanding to other locations once the pilot has been completed and evaluated on its impact on VR consumers and the cost benefit. MRS reports that access to its services for the other locations are available through an on-line system, VR counselors who regularly visit the one-stop centers, or VR counselors who can be contacted over the phone when services are requested. MRS reported that the one-stop centers are accessible to its clients, both programmatically and physically, but does not have a role in the certification of each center. MRS continues to conduct cross-training with one-stop partners to increase awareness of disability-related issues and technology to better assist individuals with disabilities accessing the centers.

At the time of the on-site portion of the review, Michigan had not developed MOUs with any of the 16 LWDBs. According to a representative of TIA, seven of the 16 local areas had submitted a draft version of their agreement for review, all using the same template. In addition, the local areas are working on the development and implementation of infrastructure funding agreements using the same methodology for all areas. At the time of the review, TIA established a deadline of November 1, 2017, to have all agreements in place and expected all local areas to complete their agreements by this time. During the time the draft report was developed, MRS reported all MOUs were agreed upon and had been implemented for all 16 local areas.

Performance Accountability

MRS has been working with its case management service vendor to ensure all required updates have been fully implemented for the new RSA-911 data reporting requirements, in accordance with PD-16-04. MRS reported that all new data elements had been update in its electronic case management system prior to July 1, 2017, when the new data element requirements took effect. MRS developed a contract with the vendor of its case management system to provide the necessary upgrades to the case management system, in accordance with PD-16-04, and to provide on-going technical assistance as needed.

Training was conducted by the vendor for the case management system to a select number of MRS staff, who in turn trained the staff at the district offices. To further assist staff with any data related problems or general questions, one staff specialist has been identified in each district office as the primary contact person for any case management issues. If the issue cannot be resolved, MRS designated staff at MRS' central office. If the issue or question still cannot be addressed, the individual should contact the help desk for case management system, which is included as part of the contract with the vendor.

In addition, MRS has created and made available a dictionary of terms used in reference to the new and existing data elements and the instructions for the case management system for staff to

easily access as needed. Finally, all staff were provided training on the new performance indicator requirements, pursuant to section 116 of WIOA, with additional attention given toward how credential attainment and measureable skill gains should be defined.

TIA is the State entity to collect the performance data from each of the required core partners, as required under section 116 of WIOA. Discussions were held on-site regarding the development of the WIOA Annual Statewide Performance Report Template, and RSA agreed to provide additional technical assistance in this area. The State did not have a system in place at the time of this review to identify individuals who may be co-enrolled with multiple one-stop partners unless the individual accesses services directly through the one-stop center.

C. Observations and Recommendations

RSA's review of the performance of MRS in this focus area did not result in the identification of any observations or recommendations.

D. Findings and Corrective Actions to Improve Performance

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

E. Technical Assistance

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

Local Workforce Development Board Representation

Michigan consists of 16 local workforce areas, each required to establish and maintain a fully functioning LWDB in accordance with section 107 of WIOA and 20 C.F.R. part 679, subpart C, of its implementing regulations. MRS and BSBP, which administer the VR program – one of the six core partner workforce development programs – are represented on 15 of the 16 LWDBs by a staff member of MRS, consistent with the LWDB composition requirements in section 107(b)(2)(D)(iii) of WIOA and 20 C.F.R. § 679.320(d)(3)(iii). However, neither MRS nor BSBP represent the VR program on the Detroit Solutions Corporation the LWDB in the City of Detroit. Rather, the executive director of a CRP that provides services to individuals with autism represents the VR program on that Local Board.

Section 107(b)(2)(D)(iii) of WIOA requires that LWDBs include “an appropriate representative of the programs carried out under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.), other than section 112 or part C of that title (29 U.S.C. 732, 741), serving the local area” (see also 20 C.F.R. § 679.320(d)(3)(iii)). This means that the LWDB must include a representative of the VR program – the only program carried out under title I of the Rehabilitation Act except for those specifically excluded by section 107(b)(2)(D)(iii) of WIOA, which is administered by MRS and BSBP throughout the entire State of Michigan, including the City of Detroit. CRPs

operate separate and distinct from the VR program and, most importantly for this issue, are not “carried out under title I of the Rehabilitation Act.” Therefore, an executive director of any local CRP would not be “an appropriate representative of the programs carried out under title I of the Rehabilitation Act” as required by section 107(b)(2)(D)(iii) of WIOA and 20 C.F.R. § 679.320(d)(3)(iii).

In addition, section 107(b)(5) of WIOA and 20 C.F.R. § 679.320(f) require that representatives on the LWDBs, including those for the VR program, be individuals who have optimum policy-making authority for the entity they represent. The U.S. Department of Labor’s (DOL’s) regulations at 20 C.F.R. § 679.340(a) clarify that a representative with “optimum policy-making authority” is “an individual who can reasonably be expected to speak affirmatively on behalf of the entity he or she represents and to commit that entity to a chosen course of action.” Since the executive director of the CRP does not administer the VR program or represent the VR program in any way that would permit him or her to speak on behalf of the program or commit it to a particular course of action, his or her appointment to the LWDB in the City of Detroit as the VR program representative does not satisfy the requirements of section 107(b)(5) of WIOA and 20 C.F.R. § 679.320(f) and 679.340(a). Rather, the executive director of the CRP could only make policy decisions for his or her program. Only a representative of either MRS or BSBP could meet the requirements of sections 107(b)(5) of WIOA and 20 C.F.R. § 679.320(f) and 679.340(a).

Therefore, the LWDB in the City of Detroit has failed to comply with section 107(b)(2)(D)(iii) of WIOA and 20 C.F.R. § 679.320(b)(3)(iii) of its implementing regulations by appointing the executive director of a CRP, rather than a representative of MRS or BSBP, as the representative of the governmental entity carrying out title IV of WIOA. After consultation with DOL and the U.S. Department of Education’s Office of Career, Technical, and Adult Education on this matter, RSA recommends that Michigan revise its Detroit LWDB composition by appointing an employee of either MRS or BSBP to represent the VR program on that Local Board. Enforcement of this matter falls under the jurisdiction of DOL.

MRS has requested additional technical assistance in the following areas:

- Guidance on the State’s requirement to develop and submit the WIOA Annual Statewide Performance Report Template, in accordance with section 116(d)(2) of WIOA, 34 C.F.R. § 361.160 and TAC-17-05. These requirements were discussed and later provided to the agency; and
- Guidance was provided to MRS and a representative for the Michigan Workforce Development agency on the statutory and regulatory requirements for the VR program to be represented on each LWDB. Documentation was provided on the requirements at 107(b)(2)(D)(iii) of WIOA and 20 C.F.R. § 679.320(d)(3)(iii) of its implementing regulations. In addition, it was clarified that the representative must be a person who has “optimum policy-making authority,” in accordance with 20 C.F.R. § 679.340(a) of the DOL regulations.

APPENDIX A: PROGRAM AND FISCAL PERFORMANCE DATA TABLES

Program 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 cases as reported to RSA at the end of the Federal fiscal year. The RSA-911 contains only information on cases closed during the Federal fiscal year covered by the report and does not include information related to those cases remaining open in the next Federal fiscal year.

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

Performance category	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total applicants	19,041		19,340		19,735		305,977	
Total eligible individuals	16,945		17,719		18,799		306,015	
Agency implementing order of selection	No		No		No		-	
Individuals on order of selection waiting list at year-end	0		0		0		3,973	
Individuals in plan receiving services	25,708		24,867		24,948		471,489	
Percent accepted for services who received no services		17.0%		17.8%		18.2%		24.70%
Exited as applicants	2,608	14.8%	2,615	14.9%	2,353	13.5%	37,688	12.9%
Exited trial experience/extended evaluation	325	1.8%	299	1.7%	245	1.4%	1,972	.7%
Exited with employment	6,618	37.5%	6,653	37.9%	6,821	39.1%	97,912	33.6%
Exited without employment	5,201	29.5%	4,829	27.5%	4,619	26.5%	73,307	25.2%

Exited from OOS waiting list							2,649	.9%
Exited without employment outcomes, after eligibility, before an IPE was signed or before receiving services	2,881	16.3%	3,157	18.0%	3,422	19.6%	77,897	27.0%
Total received services	11,819	67.0%	11,482	65.4%	11,440	65.5%	171,219	58.8%
Employment rate		56.0%		57.9%		59.6%		57.2%
Competitive employment outcomes	6,434	97.2%	5,939	89.3%	6,664	97.7%	95,703	97.7%
Supported employment outcomes	169	2.6%	396	6.0%	190	2.8%	12,755	13.0%
Average hourly earnings for competitive employment outcomes	\$12.21		\$13.35		\$13.59		\$12.37	
Average hours worked for competitive employment outcomes	31.31		32.22		31.81		30.4	
Median hourly earnings for competitive employment outcomes	\$9.00		\$10.00		\$10.00		\$10.00	
Median hours worked for competitive employment outcomes	32.00		36.00		35.00		32.0	
Quarterly median earnings	\$3,900.00		\$4,433.00		\$4,498.00		\$4,160.00	

Data sources: RSA-911, RSA 113

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

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total number of individuals served	11,819		11,482		11,440		171,219	
College or university training	0	0.0%	0	0.0%	6	0.1%	630	0.4%
Four-year or university training	273	2.3%	283	2.5%	215	1.9%	10,694	6.2%
Junior or community college training	0	0.0%	248	2.2%	214	1.9%	7,517	4.4%
Occupational or vocational training	1,336	11.3%	1,070	9.3%	1,009	8.8%	19,665	11.5%
On-the-job training	467	4.0%	458	4.0%	460	4.0%	4,861	2.8%
Apprenticeship training	0	0.0%	4	0.0%	5	0.0%	223	0.1%
Basic academic remedial or literacy training	489	4.1%	506	4.4%	423	3.7%	1,693	1.0%
Job readiness training	1,046	8.9%	1,142	9.9%	1,275	11.1%	21,666	12.7%
Disability-related skills training	60	0.5%	80	0.7%	65	0.6%	2,025	1.2%
Miscellaneous training	2,186	18.5%	1,930	16.8%	1,918	16.8%	14,361	8.4%

Data source: RSA-911

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

Career Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total number of individuals served	11,819		11,482		11,440		171,219	
Assessment	6,241	52.8%	6,294	54.8%	5,933	51.9%	109,501	64.0%
Diagnosis and treatment of impairment	1,077	9.1%	1,103	9.6%	1,111	9.7%	55,283	32.3%
Vocational rehab counseling and guidance	1,455	12.3%	3,917	34.1%	4,681	40.9%	99,604	58.2%

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	557	4.7%	1,044	9.1%	1,154	10.1%	46,231	27.0%
Job placement assistance	4,472	37.8%	4,551	39.6%	4,194	36.7%	56,528	33.0%
On-the-job supports-short term	743	6.3%	792	6.9%	832	7.3%	17,268	10.1%
On-the-job supports-SE	0	0.0%	209	1.8%	225	2.0%	20,943	12.2%
Information and referral services	151	1.3%	605	5.3%	771	6.7%	27,036	15.8%
Benefits counseling	0	0.0%	276	2.4%	523	4.6%	8,229	4.8%
Customized employment services	0	0.0%	7	0.1%	32	0.3%	965	0.6%

Data source: RSA-911

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

Other Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total number of individuals served	11,819		11,482		11,440		171,219	
Transportation	2,709	22.9%	2,497	21.7%	2,267	19.8%	45,632	26.7%
Maintenance	3,973	33.6%	3,602	31.4%	3,275	28.6%	38,337	22.4%
Rehabilitation technology	2,209	18.7%	2,167	18.9%	2,380	20.8%	23,667	13.8%
Reader services	5	0.0%	2	0.0%	4	0.0%	49	0.0%
Interpreter services	105	0.9%	91	0.8%	85	0.7%	2,964	1.7%
Personal attendant services	18	0.2%	21	0.2%	15	0.1%	200	0.1%
Technical assistance services	81	0.7%	63	0.5%	50	0.4%	710	0.4%
Other services	1,699	14.4%	1,448	12.6%	1,184	10.3%	42,323	24.7%

Data source: RSA-911

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

Type of Impairment	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Visual - Employment outcomes	62	.9%	56	.8%	39	.6%	414	.4%
Visual - Without employment outcomes	36	.7%	36	.7%	25	.5%	323	.4%
Auditory and Communicative - Employment outcomes	1,879	28.4%	1,930	29.0%	2,203	32.3%	17,462	17.8%
Auditory and Communicative - Without employment outcomes	348	6.7%	285	5.9%	270	5.8%	3,956	5.4%
Physical - Employment outcomes	1,098	16.6%	1,110	16.7%	1,166	17.1%	19,838	20.3%
Physical - Without employment outcomes	1,077	20.7%	985	20.4%	897	19.4%	16,668	22.7%
Intellectual and Learning disability - Employment outcomes	1,807	27.3%	1,931	29.7%	1,703	25.0%	29,140	29.8%
Intellectual and Learning disability - Without employment outcomes	1,843	35.4%	1,737	29.0%	1,740	37.7%	21,885	29.9%
Psychosocial and psychological - Employment outcomes	1,772	26.8%	1,626	34.1%	1,710	25.1%	31,033	31.7%
Psychosocial and psychological - Without employment outcomes	1,897	36.5%	1,786	41.5%	1,687	36.5%	30,471	41.6%

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
Total served - Employment outcomes	6,618	100.0%	6,653	100.0%	6,821	100.0%	97,887	100.0%
Total served - Without employment outcomes	5,201	100.0%	4,829	100.0%	4,619	100.0%	73,303	100.0%

Data source: RSA-911

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

Type of Impairment	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Visual - Individuals served	98	0.8%	92	0.8%	64	0.6%	737	.4%
Auditory and Communicative - Individuals served	2,227	18.8%	2,215	19.3%	2,473	21.6%	21,418	12.5%
Physical - Individuals served	2,175	18.4%	2,095	18.2%	2,063	18.0%	36,506	21.3%
Intellectual and Learning disability - Individuals served	3,650	30.9%	3,668	31.9%	3,443	30.1%	51,025	29.8%
Psychosocial and psychological	3,669	31.0%	3,412	29.7%	3,397	29.7%	61,504	35.9%
Total individuals served	11,819	100.0%	11,482	100.0%	11,440	100.0%	171,190	100.0

Data source: RSA-911

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

Type of Impairment	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Visual - Employment rate		63.3%		60.9%		60.9%		56.2%
Auditory and Communicative - Employment rate		84.4%		87.1%		89.1%		81.5%
Physical - Employment rate		50.5%		53.0%		56.5%		54.3%
Intellectual and Learning disability - Employment rate		49.5%		52.6%		49.5%		57.1%
Psychosocial and psychological – Employment rate		48.3%		47.7%		50.3%		50.5%
Total served - Employment rate		56.0%		57.9%		59.6%		57.2%

Data source: RSA-911

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

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 60 days	12,171	82.8%	12,018	82.1%	12,222	82.2%	212,423	84.4%
61 – 90 days	1,209	8.2%	1,252	8.6%	1,287	8.7%	20,734	8.2%
91 – 120 days	549	3.7%	538	3.7%	547	3.7%	9,125	3.6%
121 – 180 days	409	2.8%	455	3.1%	456	3.1%	5,898	2.3%
181 – 365 days	311	2.1%	329	2.2%	297	2.0%	2,979	1.2%
More than 1 year	51	.3%	47	.3%	53	.4%	606	.2%
Total eligible	14,700	100.0%	14,639	100.0%	14,862	100.0%	251,765	100.0%

Data source: RSA-911

Table 3.4.b MI-G 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	9,412	79.6%	9,254	80.6%	9,236	80.7%	124,709	72.8%
More than 90 days	2,407	20.4%	2,228	19.4%	2,204	19.3%	46,510	27.2%
Total served	11,819	100.0%	11,482	100.0%	11,440	100.0%	171,219	100.0%

Data source: RSA-911

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

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 3 months	979	8.3%	995	8.7%	1,094	9.6%	7,480	4.4%
4 – 6 months	2,755	23.3%	2,988	26.0%	3,121	27.3%	29,922	17.5%
7 – 9 months	1,524	12.9%	1,552	13.5%	1,604	14.0%	23,352	13.6%
10 – 12 months	1,265	10.7%	1,182	10.3%	1,221	10.7%	18,257	10.7%
13 - 24 months	2,618	22.2%	2,440	21.3%	2,348	20.5%	40,055	23.4%
25 – 36 months	1,320	11.2%	1,068	9.3%	999	8.7%	20,011	11.7%
37 – 60 months	920	7.8%	826	7.2%	714	6.2%	19,381	11.3%
More than 5 years	438	3.7%	431	3.8%	339	3.0%	12,761	7.5%
Total served	11,819	100.0%	11,482	100.0%	11,440	100.0%	171,219	100.0%

Data source: RSA-911

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

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Architecture and Engineering Occupations (17-0000)	71	1.1%	71	1.1%	79	1.2%	656	.7%
Arts, Design, Entertainment, Sports, and Media (27-0000)	49	.7%	44	.7%	42	.6%	1,025	1.0%
Building and Grounds Cleaning and Maintenance (37-0000)	1,057	16.0%	1,048	15.8%	1,058	15.5%	9,941	10.2%
Business and Financial Operations Occupations (13-0000)	109	1.6%	106	1.6%	124	1.8%	1,351	1.4%
Community and Social Services Occupations (21-0000)	184	2.8%	174	2.6%	175	2.6%	2,697	2.8%
Computer and Mathematical Occupations (15-0000)	97	1.5%	111	1.7%	108	1.6%	1,180	1.2%
Constructive and Extraction Occupations (47-0000)	101	1.5%	129	1.9%	95	1.4%	2,834	2.9%
Education, Training, and Library Occupations (25-0000)	172	2.6%	160	2.4%	183	2.7%	3,015	3.1%
Farming, Fishing, and Forestry Occupations(45-0000)	41	.6%	46	.7%	30	.4%	570	.6%
Food Preparation and Serving Related Occupations (35-0000)	750	11.3%	691	10.4%	641	9.4%	11,974	12.2%
Healthcare Practitioners and Technical Occupations (29-0000)	184	2.8%	190	2.9%	229	3.4%	2,557	2.6%
Healthcare Support Occupations (31-0000)	375	5.7%	362	5.4%	359	5.3%	4,036	4.1%
Homemaker*	6	.1%	10	.2%	1	.0%	296	.3%

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Installation, Maintenance, and Repair Occupations (49-0000)	367	5.5%	402	6.0%	395	5.8%	3,722	3.8%
Legal Occupations (23-0000)	5	.1%	16	.2%	5	.1%	239	.2%
Life, Physical, and Social Science Occupations (19-0000)	9	.1%	9	.1%	13	.2%	451	.5%
Management Occupations (11-0000)	148	2.2%	188	2.8%	237	3.5%	2,417	2.5%
Military Specific Occupations (55-0000)	2	.0%	2	.0%	3	.0%	37	.0%
Office and Administrative Support Occupations (19-0000)	706	10.7%	759	11.4%	836	12.3%	16,146	16.5%
Personal Care and Service Occupations (39-0000)	170	2.6%	143	2.1%	149	2.2%	6,382	6.5%
Production Occupations (51-0000)	902	13.6%	961	14.4%	983	14.4%	7,461	7.6%
Protective Service Occupations (33-0000)	83	1.3%	80	1.2%	89	1.3%	1,624	1.7%
Randolph-Sheppard vending facility clerk*								
Randolph-Sheppard vending facility operator*								
Sales and Related Occupations (41-0000)	659	10.0%	608	9.1%	618	9.1%	8,555	8.7%
Transportation and Material Moving Occupations (53-0000)	370	5.6%	343	5.2%	369	5.4%	8,716	8.9%
Unpaid Family Worker*	1	.0%					28	.0%
Total employment outcomes	6,618	100.0%	6,653	100.0%	6,821	100.0%	97,910	100.0%

Data source: RSA-911

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

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Architecture and Engineering Occupations (17-0000)	\$27.50		\$28.85		\$30.00		\$20.00	
Arts, Design, Entertainment, Sports, and Media (27-0000)	\$10.00		\$13.93		\$12.00		\$12.50	
Building and Grounds Cleaning and Maintenance (37-0000)	\$8.00		\$8.20		\$9.00		\$9.15	
Business and Financial Operations Occupations (13-0000)	\$20.68		\$20.10		\$22.14		\$16.83	
Community and Social Services Occupations (21-0000)	\$12.20		\$15.00		\$13.50		\$13.90	
Computer and Mathematical Occupations (15-0000)	\$19.00		\$18.00		\$16.78		\$16.03	
Constructive and Extraction Occupations (47-0000)	\$14.00		\$15.00		\$14.75		\$13.00	
Education, Training, and Library Occupations (25-0000)	\$14.50		\$13.70		\$16.31		\$13.54	
Farming, Fishing, and Forestry Occupations(45-0000)	\$9.00		\$9.61		\$10.75		\$10.15	
Food Preparation and Serving Related Occupations (35-0000)	\$7.52		\$8.16		\$8.52		\$9.00	
Healthcare Practitioners and Technical Occupations (29-0000)	\$20.35		\$22.65		\$23.33		\$19.00	
Healthcare Support Occupations (31-0000)	\$9.75		\$10.00		\$10.51		\$10.65	
Homemaker*								

SOC	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Installation, Maintenance, and Repair Occupations (49-0000)	\$10.00		\$10.00		\$10.00		\$11.76	
Legal Occupations (23-0000)	\$21.00		\$20.50		\$11.44		\$17.00	
Life, Physical, and Social Science Occupations (19-0000)	\$18.75		\$19.23		\$16.00		\$15.00	
Management Occupations (11-0000)	\$22.72		\$20.10		\$20.95		\$16.00	
Military Specific Occupations (55-0000)	\$10.10		\$24.43		\$8.50		\$10.00	
Office and Administrative Support Occupations (19-0000)	\$10.00		\$10.20		\$10.76		\$10.00	
Personal Care and Service Occupations (39-0000)	\$8.00		\$8.50		\$9.00		\$9.19	
Production Occupations (51-0000)	\$9.00		\$9.00		\$9.50		\$10.00	
Protective Service Occupations (33-0000)	\$10.00		\$12.15		\$11.50		\$10.91	
Randolph-Sheppard vending facility clerk*								
Randolph-Sheppard vending facility operator*								
Sales and Related Occupations (41-0000)	\$8.00		\$8.40		\$9.00		\$9.48	
Transportation and Material Moving Occupations (53-0000)	\$10.00		\$10.00		\$11.88		\$10.00	
Unpaid Family Worker*								
Total employment outcomes	\$9.00		\$9.25		\$10.00		\$10.00	

Data source: RSA-911

Table 4.1 (MI-G) 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	2014	2015	2015	2016	2016	2016	2016
	Number	Percent	Number	Percent	Number	Percent	National Agency Type Number	National Agency Type Percent
Total cases closed	5,853		5,777		5,751		97,326	
Exited as an applicant	613	10.47%	605	10.47%	577	10.03%	10,445	10.73%
Exited during or after trial work experience/extended evaluation	100	1.71%	101	1.75%	87	1.51%	710	0.73%
Exited without employment after IPE, before services	16	0.27%	11	0.19%	11	0.19%	2,787	2.86%
Exited from order of selection waiting list		0.00%		0.00%		0.00%	580	0.60%
Exited without employment after eligibility, before IPE	932	15.92%	936	16.20%	1,078	18.74%	26,275	27.00%
Exited with employment	2,012	34.38%	2,018	34.93%	1,864	32.41%	31,041	31.89%
Exited without employment	2,180	37.25%	2,106	36.45%	2,134	37.11%	25,488	26.19%
Employment rate	48.00%		48.93%		46.62%		54.91%	
Supported employment outcomes	44	2.19%	150	7.43%	33	1.77%	5,568	17.94%

Competitive employment outcomes	1,935	96.17%	2,007	99.45%	1,861	99.84%	30879	99.48%
Average hourly earnings for competitive employment outcomes	\$ 8.81		\$ 9.34		\$ 9.79		\$ 10.31	
Average hours worked per week for competitive employment outcomes	29.03		28.99		29.19		28.83	
Competitive employment outcomes at 35 or more hours per week	642	31.91%	662	32.80%	637	34.17%	10,972	35.35%
Competitive employment outcomes meeting SGA	863	42.89%	927	45.94%	902	48.39%	15,965	51.43%
Competitive employment outcomes with employer-provided medical insurance	265	13.17%	250	12.39%	266	14.27%	4,181	13.47%

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

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
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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	4,192		4,124		3,998		56,529	
College or university training	0	0.00%	0	0.00%	0	0.00%	217	0.40%
Four-year or university training	160	3.80%	147	3.60%	117	2.90%	4,759	8.40%
Junior or community college training	0	0.00%	121	2.90%	119	3.00%	3,700	6.50%
Occupational or vocational training	861	20.50%	695	16.90%	653	16.30%	7,389	13.10%
On-the-job training	257	6.10%	241	5.80%	264	6.60%	2,350	4.20%
Apprenticeship training	0	0.00%	3	0.10%	3	0.10%	72	0.10%
Basic academic remedial or literacy training	434	10.40%	455	11.00%	386	9.70%	1,199	2.10%
Job readiness training	598	14.30%	686	16.60%	756	18.90%	9,356	16.60%
Disability-related skills training	25	0.60%	42	1.00%	24	0.60%	733	1.30%
Miscellaneous training	1,230	29.30%	1,084	26.30%	1,157	28.90%	7,283	12.90%
Assessment	2,570	61.30%	2,722	66.00%	2,579	64.50%	34,386	60.80%

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Diagnosis and treatment of impairment	139	3.30%	160	3.90%	134	3.40%	12,093	21.40%
Vocational rehab counseling and guidance	541	12.90%	1,523	36.90%	1,832	45.80%	31,103	55.00%
Job search assistance	265	6.30%	434	10.50%	600	15.00%	16,078	28.40%
Job placement assistance	1,815	43.30%	1,907	46.20%	1,750	43.80%	19,602	34.70%
On-the-job supports-short term	389	9.30%	382	9.30%	441	11.00%	6,477	11.50%
On-the-job supports-SE	0	0.00%	80	1.90%	65	1.60%	9,365	16.60%
Information and referral services	40	1.00%	243	5.90%	304	7.60%	8,416	14.90%
Benefits counseling	0	0.00%	77	1.90%	124	3.10%	1,985	3.50%
Customized employment services	0	0.00%	2	0.00%	4	0.10%	398	0.70%
Transportation	969	23.10%	858	20.80%	724	18.10%	11,822	20.90%
Maintenance	1,266	30.20%	1,104	26.80%	978	24.50%	10,231	18.10%
Rehabilitation technology	222	5.30%	182	4.40%	167	4.20%	2,970	5.30%
Reader services	0	0.00%	2	0.00%	3	0.10%	22	0.00%

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Interpreter services	27	0.60%	27	0.70%	20	0.50%	691	1.20%
Personal attendant services	5	0.10%	3	0.10%	7	0.20%	68	0.10%
Technical assistance services	2	0.00%	3	0.10%	3	0.10%	82	0.10%
Other services	739	17.60%	562	13.60%	467	11.70%	12,803	22.60%

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

Type of Impairment	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Visual - Employment outcomes	7	0.30%	11	0.50%	8	0.40%	83	0.27%
Visual - Without employment outcomes	8	0.40%	11	0.50%	7	0.30%	78	0.31%
Auditory and Communicative - Employment outcomes	171	8.50%	158	7.80%	166	8.90%	1840	5.93%

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
Auditory and Communicative - Without employment outcomes	138	6.30%	122	5.80%	125	5.90%	1161	4.56%
Physical - Employment outcomes	158	7.90%	140	6.90%	131	7.00%	2496	8.04%
Physical - Without employment outcomes	189	8.70%	187	8.90%	191	9.00%	2012	7.89%
Intellectual and Learning disability - Employment outcomes	1,228	61.00%	1,288	63.80%	1,137	61.00%	18991	61.19%
Intellectual and Learning disability - Without employment outcomes	1,374	63.00%	1,297	61.60%	1,328	62.20%	14904	58.48%
Psychosocial and psychological - Employment outcomes	448	22.30%	421	20.90%	422	22.60%	7628	24.58%
Psychosocial and psychological - Without employment outcomes	471	21.60%	489	23.20%	483	22.60%	7331	28.76%
Total served - Employment outcomes	2,012	100.00%	2,018	100.00%	1,864	100.00%	31,038	100.00%

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
Total served - Without employment outcomes	2,180	100.00%	2,106	100.00%	2,134	100.00%	25,486	100.00%

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

Type of Impairment	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Visual - Individuals served	15	0.40%	22	0.50%	15	0.40%	161	0.28%
Auditory and Communicative - Individuals served	309	7.40%	280	6.80%	291	7.30%	3,001	5.31%
Physical - Individuals served	347	8.30%	327	7.90%	322	8.10%	4,508	7.98%
Intellectual and Learning disability - Individuals served	2,602	62.10%	2,585	62.70%	2,465	61.70%	33,895	59.97%
Psychosocial and psychological	919	21.90%	910	22.10%	905	22.60%	14,959	26.46%
Total individuals served	4,192	100.00%	4,124	100.00%	3,998	100.00%	56,524	100.00%

Table 4.3.c (MI-G) 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	46.70%	50.00%	53.30%	51.55%
Auditory and Communicative - Employment rate	55.30%	56.40%	57.00%	61.31%
Physical - Employment rate	45.50%	42.81%	40.70%	55.37%
Intellectual and Learning disability - Employment rate	47.20%	49.80%	46.10%	56.03%
Psychosocial and psychological – Employment rate	48.70%	46.30%	46.60%	50.99%
Total served - Employment rate	48.00%	48.90%	46.60%	54.91%

Table 4.4.a (MI-G) 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	4,362	84.86%	4,204	82.90%	4,187	82.31%	71,426	82.89%
61 – 90 days	365	7.10%	404	7.97%	418	8.22%	7,648	8.88%
91 – 120 days	165	3.21%	173	3.41%	196	3.85%	3,405	3.95%
121 – 180 days	130	2.53%	146	2.88%	150	2.95%	2,280	2.65%

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
181 – 365 days	101	1.96%	120	2.37%	116	2.28%	1,166	1.35%
More than 1 year	17	0.33%	24	0.47%	20	0.39%	246	0.29%
Total eligible	5,140		5,071		5,087		86,171	

Table 4.4.b (MI-G) 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	3,293	78.55%	3,315	80.38%	3,221	80.57%	39,529	69.93%
4-6 months	519	12.38%	479	11.61%	436	10.91%	8,989	15.90%
7-9 months	160	3.82%	121	2.93%	129	3.23%	3,334	5.90%

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
10-12 months	87	2.08%	88	2.13%	97	2.43%	1,909	3.38%
More than 12 months	133	3.17%	121	2.93%	115	2.88%	2,768	4.90%
Total served	4,192		4,124		3,998		56,529	

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

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
0 – 3 months	198	4.72%	206	5.00%	204	5.10%	1,857	3.29%
4 – 6 months	530	12.64%	598	14.50%	562	14.06%	6,383	11.29%
7 – 9 months	519	12.38%	521	12.63%	510	12.76%	6,521	11.54%
10 – 12 months	497	11.86%	492	11.93%	481	12.03%	5,995	10.61%
13 - 24 months	1,203	28.70%	1,194	28.95%	1,206	30.17%	15,587	27.57%
25 – 36 months	657	15.67%	563	13.65%	553	13.83%	8,330	14.74%

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
37 – 60 months	430	10.26%	411	9.97%	354	8.85%	7,953	14.07%
More than 5 years	158	3.77%	139	3.37%	128	3.20%	3,903	6.90%
Total served	4,192		4,124		3,998		56,529	

Table 4.5.a (MI-G) 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)	9	0.45%	9	0.45%	9	0.48%	153	0.49%
Arts, Design, Entertainment, Sports, and Media (27-0000)	21	1.04%	10	0.50%	8	0.43%	286	0.92%
Building and Grounds Cleaning and Maintenance (37-0000)	409	20.33%	416	20.61%	359	19.26%	2,966	9.56%
Business and Financial Operations Occupations (13-0000)	14	0.70%	6	0.30%	8	0.43%	247	0.80%
Community and Social Services Occupations (21-0000)	13	0.65%	7	0.35%	11	0.59%	293	0.94%

Computer and Mathematical Occupations (15-0000)	21	1.04%	22	1.09%	21	1.13%	296	0.95%
Constructive and Extraction Occupations (47-0000)	21	1.04%	21	1.04%	21	1.13%	749	2.41%
Education, Training, and Library Occupations (25-0000)	18	0.89%	22	1.09%	15	0.80%	645	2.08%
Farming, Fishing, and Forestry Occupations (45-0000)	17	0.84%	21	1.04%	13	0.70%	246	0.79%
Food Preparation and Serving Related Occupations (35-0000)	340	16.90%	324	16.06%	293	15.72%	5,612	18.08%
Healthcare Practitioners and Technical Occupations (29-0000)	23	1.14%	21	1.04%	29	1.56%	467	1.50%
Healthcare Support Occupations (31-0000)	135	6.71%	133	6.59%	126	6.76%	1,116	3.60%
Homemaker*							11	0.04%
Installation, Maintenance, and Repair Occupations (49-0000)	152	7.55%	166	8.23%	142	7.62%	1,373	4.42%

Legal Occupations (23-0000)		0.00%	1	0.05%		0.00%	24	0.08%
Life, Physical, and Social Science Occupations (19-0000)	2	0.10%		0.00%	2	0.11%	102	0.33%
Management Occupations (11-0000)	6	0.30%	9	0.45%	16	0.86%	283	0.91%
Military Specific Occupations (55-0000)	2	0.10%	1	0.05%	3	0.16%	32	0.10%
Office and Administrative Support Occupations (43-0000)	139	6.91%	126	6.24%	135	7.24%	4,939	15.91%
Personal Care and Service Occupations (39-0000)	60	2.98%	51	2.53%	46	2.47%	2,469	7.95%
Production Occupations (51-0000)	299	14.86%	341	16.90%	324	17.38%	2,501	8.06%
Protective Service Occupations (33-0000)	22	1.09%	16	0.79%	16	0.86%	403	1.30%
Randolph-Sheppard Vending Facility Clerk*								
Randolph-Sheppard Vending Facility Operator*								

Sales and Related Occupations (41-0000)	214	10.64%	217	10.75%	221	11.86%	3,405	10.97%
Transportation and Material Moving Occupations (53-0000)	74	3.68%	78	3.87%	46	2.47%	2,414	7.78%
Unpaid Family Worker*	1	0.05%					7	0.02%
Total employment outcomes	2012		2018		1864		31,039	

Table 4.5.b (MI-G) 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)	\$15.00	\$18.00	\$16.00	\$16.58
Arts, Design, Entertainment, Sports, and Media (27-0000)	\$8.75	\$10.00	\$10.50	\$11.30
Building and Grounds Cleaning and Maintenance (37-0000)	\$8.00	\$8.17	\$9.00	\$9.00
Business and Financial Operations Occupations (13-0000)	\$14.46	\$11.93	\$11.50	\$14.40
Community and Social Services Occupations (21-0000)	\$10.00	\$13.00	\$8.63	\$12.00
Computer and Mathematical Occupations (15-0000)	\$10.77	\$15.19	\$15.00	\$14.41
Constructive and Extraction Occupations (47-0000)	\$12.00	\$12.00	\$12.25	\$11.67
Education, Training, and Library Occupations (25-0000)	\$9.51	\$9.20	\$9.50	\$10.95
Farming, Fishing, and Forestry Occupations (45-0000)	\$7.60	\$8.65	\$9.25	\$10.00
Food Preparation and Serving Related Occupations (35-0000)	\$7.40	\$8.16	\$8.50	\$8.75
Healthcare Practitioners and Technical Occupations (29-0000)	\$10.51	\$9.46	\$11.75	\$13.00

SOC	2014	2015	2016	2016 National Agency Type
Healthcare Support Occupations (31-0000)	\$9.50	\$10.00	\$10.50	\$10.50
Homemaker*				
Installation, Maintenance, and Repair Occupations (49-0000)	\$8.25	\$8.25	\$8.75	\$10.00
Legal Occupations (23-0000)		\$13.00		\$13.06
Life, Physical, and Social Science Occupations (19-0000)	\$9.17		\$14.75	\$14.00
Management Occupations (11-0000)	\$15.94	\$11.50	\$12.01	\$12.30
Military Specific Occupations (55-0000)	\$10.10	\$8.85	\$8.50	\$10.00
Office and Administrative Support Occupations (43-0000)	\$7.51	\$8.17	\$8.51	\$9.00
Personal Care and Service Occupations (39-0000)	\$7.54	\$8.24	\$8.51	\$9.00
Production Occupations (51-0000)	\$8.00	\$8.75	\$9.00	\$10.00
Protective Service Occupations (33-0000)	\$8.75	\$9.75	\$10.00	\$10.12
Randolph-Sheppard Vending Facility Clerk*				
Randolph-Sheppard Vending Facility Operator*				
Sales and Related Occupations (41-0000)	\$7.42	\$8.16	\$8.50	\$9.00

SOC	2014	2015	2016	2016 National Agency Type
Transportation and Material Moving Occupations (53-0000)	\$8.08	\$8.58	\$8.88	\$9.33
Unpaid Family Worker*				
Total employment outcomes	\$8.00	\$8.18	\$9.00	\$9.35

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

Referral Sources	2014	2014	2015	2015	2016	2016	2016	2016
	Number	Percent	Number	Percent	Number	Percent	National Agency Type Number	National Agency Type Percent
American Indian VR Services Program		0.00%	1	0.02%	5	0.09%	25	0.03%
Centers for Independent Living	3	0.05%		0.00%		0.00%	71	0.07%
Child Protective Services		0.00%	3	0.05%	2	0.03%	72	0.07%
Community Rehabilitation Programs	82	1.40%	119	2.06%	140	2.43%	1,772	1.84%
Consumer Organizations or Advocacy Groups	4	0.07%	11	0.19%	43	0.75%	328	0.34%
Educational Institutions (elementary/secondary)	3,666	62.63%	3,630	62.84%	3,678	63.95%	54,828	56.83%
Educational Institutions (post-secondary)	166	2.84%	142	2.46%	123	2.14%	3,049	3.16%
Employers	13	0.22%	8	0.14%	11	0.19%	98	0.10%

Referral Sources	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Faith Based Organizations	2	0.03%	8	0.14%	4	0.07%	88	0.09%
Family/Friends	68	1.16%	229	3.96%	306	5.32%	4,182	4.33%
Intellectual and Developmental Disabilities Providers	10	0.17%	22	0.38%	28	0.49%	860	0.89%
Medical Health Provider (Public or Private)	242	4.13%	398	6.89%	380	6.61%	2,316	2.40%
Mental Health Provider (Public or Private)	144	2.46%		0.00%		0.00%	2,184	2.26%
One-stop Employment/Training Centers	73	1.25%	88	1.52%	102	1.77%	638	0.66%
Other Sources	818	13.98%	496	8.59%	305	5.30%	7,376	7.64%
Other State Agencies	29	0.50%		0.00%		0.00%	877	0.91%

Referral Sources	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Other VR State Agencies	9	0.15%	20	0.35%	15	0.26%	263	0.27%
Public Housing Authority	1	0.02%	1	0.02%	3	0.05%	103	0.11%
Self-referral	485	8.29%	545	9.43%	521	9.06%	14,897	15.44%
Social Security Administration (Disability Determination Service or District office)	3	0.05%	7	0.12%	9	0.16%	275	0.29%
State Department of Correction/Juvenile Justice	18	0.31%	25	0.43%	49	0.85%	1,429	1.48%
State Employment Service Agency		0.00%		0.00%		0.00%	153	0.16%
Veteran's Administration	2	0.03%		0.00%	2	0.03%	27	0.03%
Welfare Agency (State or local government)	15	0.26%	22	0.38%	20	0.35%	543	0.56%

Referral Sources	2014	2014	2015	2015	2016	2016	2016	2016
	Number	Percent	Number	Percent	Number	Percent	National Agency Type Number	National Agency Type Percent
Worker's Compensation		0.00%	2	0.03%	5	0.09%	30	0.03%

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

Reason for Closure	2014	2014	2015	2015	2016	2016	2016	2016
	Number	Percent	Number	Percent	Number	Percent	National Agency Type Number	National Agency Type Percent
Achieved employment outcome	2,012	34.82%	2,018	35.36%	1,864	32.78%	31,041	32.60%
Unable to locate or contact	1,693	29.30%	1,766	30.94%	1,906	33.52%	21,811	22.91%
Transportation not feasible or available	18	0.31%	9	0.16%	8	0.14%	163	0.17%

Reason for Closure	2014	2014	2015	2015	2016	2016	2016	2016
	Number	Percent	Number	Percent	Number	Percent	National Agency Type Number	National Agency Type Percent
Does not require VR services	52	0.90%	42	0.74%	98	1.72%	587	0.62%
Extended services not available	2	0.03%	4	0.07%	3	0.05%	95	0.10%
All other reasons	594	10.28%	515	9.02%	391	6.88%	10,353	10.87%
Extended employment		0.00%		0.00%		0.00%	65	0.07%
Individual in institution, other than a prison or jail	13	0.22%	1	0.02%	7	0.12%	183	0.19%
Individual is incarcerated in a prison or jail	35	0.61%	26	0.46%	22	0.39%	617	0.65%
Disability too significant to benefit from VR services	64	1.11%	51	0.89%	50	0.88%	635	0.67%

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
No longer interested in receiving services or further services	1,284	22.22%	1,268	22.22%	1,334	23.46%	29,510	30.99%
Death	11	0.19%	7	0.12%	4	0.07%	156	0.16%

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

All Individuals with Disabilities with Supported Employment Outcomes	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
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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	169	2.55%	396	5.95%	190	2.79%	12,755	13.03%
Average hourly wage for supported employment outcomes	\$ 7.65		\$ 8.40		\$ 8.82		\$ 9.67	
Average hours worked per week for supported employment outcomes	19.21		20.64		20.57		22.68	
Competitive supported employment outcomes	140	82.84%	382	96.46%	185	97.37%	12,714	99.68%

All Individuals with Disabilities with Supported Employment Outcomes	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Average hourly earnings for competitive supported employment outcomes	\$ 8.00		\$ 8.55		\$ 8.95		\$ 9.68	
Average hours worked per week for competitive supported employment outcomes	19.84		20.75		20.64		22.67	
Competitive supported employment outcomes at 35 or more hours per week	9	5.33%	35	8.84%	23	12.11%	2,008	15.74%
Competitive supported employment outcomes meeting SGA	12	7.10%	59	14.90%	34	17.89%	3,555	27.87%

All Individuals with Disabilities with Supported Employment Outcomes	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Competitive supported employment outcomes with employer-provided medical insurance	2	1.18%	12	3.03%	3	1.58%	782	6.13%

Table 5.1.b (MI-G) 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	44	2.19%	150	7.43%	33	1.77%	5,568	17.94%
Average hourly wage for supported employment outcomes	\$ 7.69		\$ 8.30		\$ 8.85		\$ 9.29	

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
Average hours worked per week for supported employment outcomes	19.81		19.85		16.66		22.19	
Competitive supported employment outcomes	38	86.36%	149	99.33%	33	100.00% ,	5,557	99.80%
Average hourly earnings for competitive supported employment outcomes	\$ 8.01		\$ 8.31		\$ 8.85		\$ 9.30	
Average hours worked per week for competitive supported employment outcomes	19.71		19.87		16.66		22.19	
Competitive supported employment outcomes at 35 or more hours per week	3	6.82%	8	5.33%	0	0.00%	771	13.85%
Competitive supported employment outcomes meeting SGA	5	11.36%	16	10.67%	2	6.06%	1,452	26.08%

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
Competitive supported employment outcomes with employer-provided medical insurance	0	0.00%	3	2.00%	0	0.00%	243	4.36%

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

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total number of SE	169		396		190		12,755	

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
College or university training	0	0.00%	0	0.00%	0	0.00%	16	0.10%
Four-year or university training	0	0.00%	0	0.00%	1	0.50%	135	1.10%
Junior or community college training	0	0.00%	0	0.00%	1	0.50%	164	1.30%
Occupational or vocational training	8	4.70%	15	3.80%	10	5.30%	933	7.30%
On-the-job training	12	7.10%	39	9.80%	13	6.80%	487	3.80%
Apprenticeship training	0	0.00%	0	0.00%	0	0.00%	8	0.10%
Basic academic remedial or literacy training	4	2.40%	9	2.30%	4	2.10%	113	0.90%
Job readiness training	8	4.70%	44	11.10%	20	10.50%	1,857	14.60%
Disability-related skills training	0	0.00%	1	0.30%	0	0.00%	345	2.70%
Miscellaneous training	18	10.70%	44	11.10%	18	9.50%	1,313	10.30%
Assessment	79	46.70%	236	59.60%	106	55.80%	8,390	65.80%

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Diagnosis and treatment of impairment	5	3.00%	64	16.20%	45	23.70%	2,446	19.20%
Vocational rehab counseling and guidance	17	10.10%	100	25.30%	64	33.70%	5,542	43.40%
Job search assistance	4	2.40%	41	10.40%	14	7.40%	6,198	48.60%
Job placement assistance	124	73.40%	268	67.70%	134	70.50%	5,706	44.70%
On-the-job supports-short term	53	31.40%	81	20.50%	24	12.60%	1,116	8.70%
On-the-job supports-SE	0	0.00%	153	38.60%	94	49.50%	7,967	62.50%
Information and referral services	0	0.00%	10	2.50%	23	12.10%	2,316	18.20%
Benefits counseling	0	0.00%	41	10.40%	45	23.70%	1,228	9.60%
Customized employment services	0	0.00%	2	0.50%	18	9.50%	156	1.20%
Transportation	39	23.10%	58	14.60%	59	31.10%	3,762	29.50%
Maintenance	76	45.00%	162	40.90%	75	39.50%	3,452	27.10%

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Rehabilitation technology	1	0.60%	7	1.80%	2	1.10%	575	4.50%
Reader services	0	0.00%	0	0.00%	0	0.00%	2	0.00%
Interpreter services	0	0.00%	0	0.00%	0	0.00%	248	1.90%
Personal attendant services	0	0.00%	0	0.00%	0	0.00%	4	0.00%
Technical assistance services	2	1.20%	2	0.50%	0	0.00%	5	0.00%
Other services	40	23.70%	70	17.70%	18	9.50%	2,585	20.30%

Table 5.2.b (MI-G) 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 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Total number of SE	44		150		33		5,568	
College or university training	0	0.00%	0	0.00%	0	0.00%	9	0.20%

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Four-year or university training	0	0.00%	0	0.00%	0	0.00%	71	1.30%
Junior or community college training	0	0.00%	0	0.00%	0	0.00%	99	1.80%
Occupational or vocational training	5	11.40%	14	9.30%	4	12.10%	470	8.40%
On-the-job training	6	13.60%	19	12.70%	5	15.20%	289	5.20%
Apprenticeship training	0	0.00%	0	0.00%	0	0.00%	4	0.10%
Basic academic remedial or literacy training	3	6.80%	8	5.30%	3	9.10%	101	1.80%
Job readiness training	6	13.60%	25	16.70%	8	24.20%	1,048	18.80%
Disability-related skills training	0	0.00%	0	0.00%	0	0.00%	175	3.10%
Miscellaneous training	10	22.70%	28	18.70%	7	21.20%	807	14.50%
Assessment	24	54.50%	95	63.30%	21	63.60%	3,663	65.80%
Diagnosis and treatment of impairment	1	2.30%	16	10.70%	6	18.20%	954	17.10%

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Vocational rehab counseling and guidance	7	15.90%	53	35.30%	14	42.40%	2,412	43.30%
Job search assistance	3	6.80%	20	13.30%	3	9.10%	2,870	51.50%
Job placement assistance	33	75.00%	97	64.70%	25	75.80%	2,409	43.30%
On-the-job supports-short term	13	29.50%	36	24.00%	7	21.20%	522	9.40%
On-the-job supports-SE	0	0.00%	56	37.30%	17	51.50%	3,681	66.10%
Information and referral services	0	0.00%	8	5.30%	1	3.00%	976	17.50%
Benefits counseling	0	0.00%	22	14.70%	11	33.30%	422	7.60%
Customized employment services	0	0.00%	1	0.70%	0	0.00%	63	1.10%
Transportation	15	34.10%	19	12.70%	6	18.20%	1,378	24.70%
Maintenance	15	34.10%	61	40.70%	10	30.30%	1,188	21.30%
Rehabilitation technology	0	0.00%	1	0.70%	0	0.00%	213	3.80%
Reader services	0	0.00%	0	0.00%	0	0.00%	1	0.00%

Training Services	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
Interpreter services	0	0.00%	0	0.00%	0	0.00%	68	1.20%
Personal attendant services	0	0.00%	0	0.00%	0	0.00%	1	0.00%
Technical assistance services	1	2.30%	1	0.70%	0	0.00%	1	0.00%
Other services	15	34.10%	34	22.70%	6	18.20%	1,113	20.00%

Table 5.3.a (MI-G) 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	156	92.31%	357	90.15%	176	92.63%	10,918	85.60%
61 – 90 days	8	4.73%	16	4.04%	7	3.68%	903	7.08%
91 – 120 days	2	1.18%	11	2.78%		0.00%	387	3.03%

Elapsed Time	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2016 National Agency Type Number	2016 National Agency Type Percent
121 – 180 days	2	1.18%	6	1.52%	5	2.63%	309	2.42%
181 – 365 days	1	0.59%	5	1.26%	1	0.53%	185	1.45%
More than 1 year			1	0.25%	1	0.53%	53	0.42%
Total SE	169		396		190		12,755	

Table 5.3.b (MI-G) 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	40	90.91%	136	90.67%	30	90.91%	4,664	83.76%
61 – 90 days	2	4.55%	6	4.00%	2	6.06%	442	7.94%
91 – 120 days	1	2.27%	4	2.67%		0.00%	204	3.66%
121 – 180 days		0.00%	2	1.33%	1	3.03%	145	2.60%
181 – 365 days	1	2.27%	1	0.67%		0.00%	75	1.35%
More than 1 year		0.00%	1	0.67%		0.00%	38	0.68%
Total SE	44		150		33		5,568	100.00%

Table 5.4.a (MI-G) 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	153	90.53%	355	89.65%	160	84.21%	9,812	76.93%
4-6 months	11	6.51%	22	5.56%	18	9.47%	1,752	13.74%
7-9 months	3	1.78%	8	2.02%	7	3.68%	592	4.64%
10-12 months	1	0.59%	6	1.52%	3	1.58%	262	2.05%
More than 12 months	1	0.59%	5	1.26%	2	1.05%	337	2.64%
Total served	169		396		190		12,755	

Table 5.4.b(MI-G) 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	38	86.36%	131	87.33%	27	81.82%	3,853	69.20%
4-6 months	4	9.09%	11	7.33%	3	9.09%	963	17.30%
7-9 months	1	2.27%	2	1.33%	1	3.03%	350	6.29%
10-12 months	1	2.27%	5	3.33%	2	6.06%	165	2.96%
More than 12 months	0	0.00%	1	0.67%	0	0.00%	237	4.26%
Total SE	44		150		33		5,568	

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

Elapsed Time	2014	2014	2015	2015	2016	2016	2016	2016
	Number	Percent	Number	Percent	Number	Percent	National Agency Type Number	National Agency Type Percent
0 – 3 months	6	3.55%	28	7.07%	21	11.05%	450	3.53%
4 – 6 months	67	39.64%	128	32.32%	65	34.21%	2,520	19.76%
7 – 9 months	30	17.75%	77	19.44%	25	13.16%	2,363	18.53%
10 – 12 months	17	10.06%	40	10.10%	25	13.16%	1,820	14.27%
13 - 24 months	28	16.57%	75	18.94%	30	15.79%	3,118	24.45%
25 – 36 months	15	8.88%	20	5.05%	13	6.84%	1,118	8.77%
37 – 60 months	4	2.37%	16	4.04%	9	4.74%	872	6.84%
More than 5 years	2	1.18%	12	3.03%	2	1.05%	494	3.87%
Total SE	169		396		190		12,755	

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

Elapsed Time	2014	2014	2015	2015	2016	2016	2016	2016
	Number	Percent	Number	Percent	Number	Percent	National Agency Type Number	National Agency Type Percent
0 – 3 months	1	2.27%	9	6.00%	2	6.06%	150	2.69%
4 – 6 months	14	31.82%	37	24.67%	9	27.27%	871	15.64%
7 – 9 months	7	15.91%	27	18.00%	7	21.21%	952	17.10%
10 – 12 months	9	20.45%	18	12.00%	8	24.24%	831	14.92%
13 - 24 months	7	15.91%	37	24.67%	3	9.09%	1,511	27.14%
25 – 36 months	4	9.09%	10	6.67%	3	9.09%	576	10.34%
37 – 60 months	2	4.55%	7	4.67%	1	3.03%	469	8.42%
More than 5 years		0.00%	5	3.33%		0.00%	208	3.74%
Total SE	44		150		33		5,568	

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 Michigan Rehabilitation Services (MRS) - VR Resources and Expenditures—FFYs 2014–2016

VR Resources and Expenditures	2014	2015	2016*
Total program expenditures	\$93,453,160	\$106,007,841	\$104,006,792
Federal expenditures	\$73,464,750	\$83,335,157	\$79,530,779
State agency expenditures (4 th quarter)	\$19,988,410	\$22,672,684	\$24,476,013
State agency expenditures (latest/final)	\$19,988,410	\$22,672,684	\$24,476,013
Federal formula award amount	\$93,023,198	\$93,426,963	\$93,655,863
MOE penalty from prior year	-	\$3,418,071	\$7,021,722
Federal award amount relinquished during reallocation	\$19,558,448	\$6,673,735	-
Federal award amount received during reallocation	-	-	\$6,000,000
Federal funds transferred from State VR agency	-	-	-
Federal funds transferred to State VR agency	-	-	-
Federal award amount (net)	\$73,464,750	\$83,335,157	\$92,634,141
Federal award funds deobligated	-	-	-
Federal award funds used	\$73,464,750	\$83,335,157	\$92,634,141
Percent of formula award amount used	78.97%	89.20%	98.91%
Federal award funds matched but not used	-	-	-\$2,199,295

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

Table 6.1 Michigan Rehabilitation Services (MRS) - 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 reallotment	Amount of Federal award voluntarily relinquished through the reallotment process. Formula/Source: RSA-692
Federal award received during reallotment	Amount of funds received through the reallotment 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, reallotment and transfers). Formula/Source: Federal formula award calculation, RSA-692, agency documentation, SF-425 : Federal formula calculation minus MOE penalty minus funds relinquished in reallotment

VR Resources and Expenditures	Source/Formula
	plus funds received in reallocation plus funds transferred from agency minus funds transferred to agency
Federal award funds deobligated	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
Federal award funds used	Amount of Federal award funds expended. Source/Formula: Federal formula calculation, RSA-692, agency documentation, SF-425 lesser of the 4 th quarter or latest/final: Federal award amount (net) (calculation above) minus Federal award funds deobligated
Percent Federal formula award used	Percent of Federal formula award funds used. Source/Formula: Federal award funds used (calculation above) divided by Federal formula award amount
Federal award funds matched but not used	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

Table 6.2 Michigan Rehabilitation Services (MRS) - 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	\$19,883,090	\$22,554,496	\$25,071,248
Match provided (actual)	\$19,988,410	\$22,672,684	\$24,476,013
Match difference**	-\$105,320	-\$118,188	\$595,235
Federal funds matched (actual)	\$73,464,750	\$83,335,157	\$90,434,846
Percent Federal funds matched	100.00%	100.00%	97.63%
Match from State appropriation			
Percent match from State appropriation	0.00%	0.00%	0.00%
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	-	-	-
MOE required	\$23,406,481	\$29,694,406	\$19,988,410
MOE: Establishment/construction expenditures	-	-	-
MOE actual	\$19,988,410	\$22,672,684	\$24,476,013
MOE difference**	\$3,418,071	\$7,021,722	-\$4,487,603

* 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 Michigan Rehabilitation Services (MRS) - 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
Match from Randolph-Sheppard program	Match amount from Randolph-Sheppard program. Source/Formula: Data provided by State

Non-Federal Share (Match) and Maintenance of Effort (MOE)	Source/Formula
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, minus establishment/construction expenditures for CRPs, established by the State's non-Federal expenditures two years prior, i.e. Recipient Share of Expenditures. Source/Formula: (For FFY two year prior) SF-425 4 th quarter or latest/final report: line 10j minus line 12a. If non-Federal share is added in the prior carryover year, the additional amount is added to the MOE required. If an agency increases their Establishment/Construction expenditures in the prior carryover year, the increase is deducted from the FFY's total non-Federal share for MOE purposes.
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

Non-Federal Share (Match) and Maintenance of Effort (MOE)	Source/Formula
MOE actual	<p>Non-Federal share provided by agency minus establishment/construction expenditures for CRPs.</p> <p>Source/Formula: SF-425: Match provided actual minus establishment/construction expenditures. NOTE: If non-Federal share is added in the prior carryover year, the additional amount is added to the MOE actual. If an agency increases their Establishment/Construction expenditures in the prior carryover year, the increase is deducted from the FFY's total non-Federal share for MOE purposes.</p>
MOE difference**	<p>The difference between MOE required and the actual MOE provided.</p> <p>Source/Formula: MOE required minus MOE actual</p>

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

Table 6.3 Michigan Rehabilitation Services (MRS) - Program Income and Carryover—FFYs 2014–2016

Program Income and Carryover	2014	2015	2016*
Program income received	\$2,533,576	\$3,461,270	\$2,641,406
Program income disbursed	\$2,533,576	\$3,461,270	\$2,641,406
Program income transferred	\$2,533,576	\$2,602,704	\$2,259,296
Program income used for VR program	-	\$858,566	\$382,110
Federal grant amount matched	\$73,464,750	\$83,335,157	\$90,434,846
Federal expenditures and unobligated funds 9/30	\$47,262,186	\$62,622,223	\$50,374,787
Carryover amount	\$18,519,409	\$20,712,934	\$39,246,162
Carryover as percent of award	25.21%	24.85%	43.40%

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

Table 6.3 Michigan Rehabilitation Services (MRS) - 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 Michigan Rehabilitation Services (MRS) - RSA-2 Expenditures—FFYs 2014–2016*

RSA-2 Expenditures	2014	2015	2016
Total expenditures	\$102,986,330	\$104,285,861	\$112,819,350
Administrative costs	\$32,313,470	\$34,763,889	\$36,256,065
Administration as Percent expenditures	31.38%	33.34%	32.14%
Purchased services expenditures	\$35,077,076	\$34,713,943	\$37,984,980
Purchased services as a Percent expenditures	34.06%	33.29%	33.67%
Services to groups	\$2,997,647	\$2,918,335	\$2,910,681
Services to groups percentage	2.91%	2.80%	2.58%

*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 Michigan Rehabilitation Services (MRS) - 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	26	4	87	13
Date of Eligibility Determination	24	6	80	20
Date of IPE	27	3	90	10
Start Date of Employment in Primary Occupation at Exit or Closure	6	13	32	68
Weekly Earnings at Exit or Closure	11	8	58	42
Employment Status at Exit or Closure	9	10	47	53
Type of Exit or Closure	20	10	67	33
Date of Exit or Closure	25	5	83	17

Summary	Number (of 30)	Percent (of 30)
Files with all required documentation	9	30%
Files with documentation for four or data elements examined	24	80%
Files with no required documentation	0	N/A

APPENDIX C: AGENCY RESPONSE

A. Overview

This appendix contains MRS' responses to recommendations and corrective actions identified in the monitoring, along with MRS' 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, MRS 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 MRS 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, MRS will report to the review team, on a quarterly basis, progress on the implementation of recommendations.

B. Agency Responses

Recommendations

2.1 Achievement of High Quality Employment Outcomes

- 2.1.1 Assess the required education and skills needed for quality employment based on the projection of the local market information (LMI) as reported in the Michigan Unified State Plan;
- 2.1.2 Continue to partner with employers that require high skilled positions and identify how MRS can meet the needs of the employer through the individuals it serves; and
- 2.1.3 Provide the necessary training to VR counselors to be knowledgeable of current LMI information and provide the necessary VR guidance and counseling to eligible individuals prior to the development of an IPE.

Agency Response:

- 2.1.1 MRS appreciates and agrees with RSA's recommendation. In addition, MRS offers the following response to RSA:
 - MRS is currently adjusting policy to reinforce documentation and utilization of labor market information (LMI). In addition to clarification within policy, MRS will be adjusting the case review process to account for LMI and begin testing for

alignment of VR services with labor market demands. The Staff Development & Policy Division and Business Network Division will incorporate training specific to local market information and demand-driven jobs.

- As an intensive technical assistance activity, WINTAC shall provide MRS a demonstration and discussion of best practices on The Career Index Plus (TCI+) system. The TCI+ is a labor market system for use by VR programs that synthesizes data from a variety of sources, including local market information.
- MRS uses Open Options, a proprietary software and web-based application, which provides significant national, state, and local LMI and filtering tools to narrow or expand searches based on an individual's unique traits. Open Options combines ReferenceUSA data, which offers the most up-to-date data available in the market including jobs by job skills, education, location, and industry.
- Other tools MRS uses for business intelligence include (1) the Talent Acquisition Portal (TAP) owned by all 79 VR state agencies. TAP is an online system which includes a national talent pool of individuals with disabilities looking for employment and a job posting system for businesses looking to hire from our talent pool. The average job postings loaded are 20,000 plus with a monthly average of 1000 quality job openings in Michigan; (2) Monthly the Business Network Division staff circulates real-time LMI to the VR counselors including tracking of LMI through a proprietary customer relationship management software/web-based application, Michigan Business Resource System (MiBRS). This system allows VR counselors to obtain business intelligence and reporting that enhance service delivery, reduce costs, track quality employment opportunities, and respond to business needs.
- The Business Network Division works closely with the state's America Job Centers (AJC) to report out local LMI to the VR counselors. The Michigan Bureau of Labor Market Information and Strategic Initiatives has recently developed a three-day LMI training certification. MRS will participate in this training to help develop an in-depth training curriculum in partnership with the Staff Development & Policy Division.
- The Business Network Division consultants will work with district offices, VR counselors and customers to coordinate informational exchange workshops in collaborations with businesses to share real-time and emerging LMI and trends pertaining to geographic areas throughout Michigan.
- MRS will continue to assess and develop strategies to improve and/or maintain high performance in this recommendation area.

2.1.2 MRS appreciates and agrees with RSA's recommendation. In addition, MRS offers the following response to RSA:

- MRS has the infrastructure and tools in place to support our business partners. The Business Network Division in collaboration with the district offices have dedicated staff working directly with business offering recruitment (talent pipeline development), retention (keeping valued staff who have obtained a disability on the job), employee upskilling (advancement), business-based training programs, and prevention/disability management services.

- Michigan Career Technical Institute and the Business Network Division currently partner with several businesses (of all sizes) and employer organizations including the USBLN, Michigan Industry Liaison Group, Southeastern Michigan Employer Resource Group, local chambers, state and federal government, and company employee resource groups (ERGs). These business partnerships offer a considerable number of semi-skilled and highly skilled job opportunities and training that are shared with the district offices.
- MRS belongs to the CSAVR-National Employment Team (NET) with an established and active point of contact in place; our bureau director is the co-chair of the CSAVR business engagement subcommittee. The NET is a collaborative with all 79 State VR agencies to best serve the business needs resulting in job opportunities for our MRS client-customers.
- MRS coordinates with workforce partners (Talent Investment Agency) and business to identify and develop skilled apprenticeship opportunities along with other programs (i.e. MAT2, going PRO).
- The Staff Development & Policy Division and Business Network Division continue to collaborate on strategies to meet both the needs of business and career aspirations of MRS customers. For example, a newly developed business engagement training pilot is scheduled for July/August 2018 to be rolled out to all district offices by November.
- MRS will continue to assess and develop strategies to improve and/or maintain high performance in this recommendation area.

2.1.3 MRS appreciates and agrees with RSA's recommendation. In addition, MRS offers the following response to RSA:

- The Staff Development and Policy Division and Business Services Division will collaborate to develop training and job aids to facilitate the acquisition and utilization of LMI as a part of the vocational needs assessment prior to IPE development. This will include identifying and disseminating strategies to enhance guidance and counseling throughout the VR process.
- The Business Network Division and Staff Development and Policy Division will also coordinate training in collaboration with other State of Michigan departments (Unemployment Insurance Agency, Talent Investment Agency, Michigan Economic Development Corporation) to develop sustainable relationships for ongoing communication and projects.
- The Business Network Division will create opportunities for VR counselors to tour businesses with high-demand occupations to obtain first-hand knowledge of the work environments and better prepare individuals with disabilities for employment in those or similar areas.
- MRS will continue to assess and develop strategies to improve and/or maintain high performance in this recommendation area.

Technical Assistance:

2.1.1 MRS has executed an Intensive Technical Assistance Agreement with WINTAC that allows for guidance and support in this recommendation area.

- 2.1.2 MRS does not request technical assistance.
- 2.1.3 MRS has executed an Intensive Technical Assistance Agreement with WINTAC that allows for guidance and support in this recommendation area.

2.2 Internal Controls

- 2.2.1 Develop written policies and procedures for the new QA process that can be made available to staff;
- 2.2.2 Develop additional levels of reviews as part of the QA process, including interoffice reviews to further supplement the annual reviews conducted by the central office staff to provide VR counselors with regular feedback and insight from their peers; and
- 2.2.3 Use the analysis from the different QA processes to provide regular, on-going training to VR counselors, supervisors, and regional managers.

Agency Response:

- 2.2.1 MRS appreciates and agrees with RSA's recommendation. In addition, MRS offers the following response to RSA:
 - MRS is exploring and evaluating options to augment the annual case review process, including: a case review checklist to assist VR counselors, managers, and support staff in implementing policy requirements throughout the VR process; an interoffice and peer review process based on best practices from other State rehabilitation agencies. Options will continue to be evaluated and adopted to maximize procedural safeguards in this area.
 - MRS will continue to assess and develop strategies to improve and/or maintain high performance in this recommendation area.
- 2.2.2 MRS appreciates and agrees with RSA's recommendation. In addition, MRS offers the following response to RSA:
 - MRS is exploring and evaluating options to augment the annual case review process, including: a case review checklist to assist VR counselors, managers, and support staff in implementing policy requirements throughout the VR process; an interoffice and peer review processes based on best practices from other State rehabilitation agencies. Options will continue to be evaluated and adopted to maximize procedural safeguards in this area
 - MRS will continue to assess and develop strategies to improve and/or maintain high performance in this recommendation area.
- 2.2.3 MRS appreciates and agrees with RSA's recommendation. In addition, MRS offers the following response to RSA:
 - MRS is drafting administrative policies and procedures for the new QA process. Based on data collected, MRS will analyze and identify the internal control

deficiencies. This will include collaboration between the Monitoring and Internal Control Division, Staff Development and Policy Division, and district offices to enhance training and provide clarification of policies, as needed.

- MRS will continue to assess and develop strategies to improve and/or maintain high performance in this recommendation area.

Technical Assistance:

2.2.1 MRS does not request technical assistance.

2.2.2 MRS does not request technical assistance.

2.2.3 MRS does not request technical assistance.

3.1 Services Provided for Youth with Disabilities under Age 25 at exit

3.1.1 Identify and assess barriers or factors that are preventing VR counselors from developing IPEs that contain college and other training and adequate job search assistance and develop measurable goals and strategies to increase the agency's performance in this area;

3.1.2 Conduct case reviews to determine if IPE goals and services, including employment goals, are aligned with the labor market demands and trends in the State of Michigan; and

3.1.3 Provide data and information to VR counselors to ensure that they are aware of labor market demands and trends.

Agency Response:

3.1.1 MRS appreciates and agrees with RSA's recommendation. In addition, MRS offers the following response to RSA:

- MRS has undertaken a review and redesign of the vocational needs assessment and college training policy to better facilitate the development of IPEs with employment goals that focus on career advancement. This includes the potential need for college and/or related advanced training. MRS is also evaluating how training is coded in its case management system to assure that VR counselors correctly capture when college training is being supported by the agency.
- MRS suggests that students and youth with disabilities receiving training services, specifically post-secondary education, may have been underreported. This may be attributed to the use of comparable benefits (e.g. grants, scholarships, etc.) as the primary fund source for a training service and inaccurate VR counselor coding in its case management system.
- Additionally, job search assistance is not readily identifiable as a service category within the current MRS case management system layout. As such, VR counselors have been unable to select "job search assistance" as a service category for authorizations. The alternative/available category is "job placement assistance,"

and data confirms the use of this service at a rate higher than the comparable national average. MRS will take steps to correct this reporting error.

- MRS will continue to assess and develop strategies to improve and/or maintain high performance in this recommendation area.

3.1.2 MRS appreciates and agrees with RSA's recommendation. In addition, MRS offers the following response to RSA:

- The Monitoring and Internal Control Division will include an item within the case review process to report whether the IPE goals and services are aligned with labor market demands and trends in the State of Michigan.
- The Business Network Division and Staff Development and Policy Division will provide continued guidance and training to Monitoring and Internal Control Division staff regarding identification of LMI evidence during case file review process.
- The Monitoring & Internal Control Division and Business Network Division intend to partner to assess, as needed, if IPE goals are in alignment with the current labor market trends in the State of Michigan and nationally.
- MRS will continue to assess and develop strategies to improve and/or maintain high performance in this recommendation area.

3.1.3 MRS appreciates and agrees with RSA's recommendation. In addition, MRS offers the following response to RSA:

- As an intensive technical assistance activity, WINTAC shall provide MRS a demonstration and discussion of best practices on The Career Index Plus (TCI+) system. The TCI+ is a labor market system for use by VR programs that synthesizes data from a variety of sources, including local market information.
- MRS also uses Open Options, a proprietary software and web-based application, which provides significant national, State, and local LMI and filtering tools to narrow or expand searches based on an individual's unique interests. Open Options combines ReferenceUSA data, which offers the most up-to-date data available in the market including jobs by job skills, education, location, and industry.
- Michigan Career Technical Institute and the Business Network Division currently partner with several businesses (of all sizes) and employer organizations including the USBLN, Michigan Industry Liaison Group, Southeastern Michigan Employer Resource Group, local chambers, State and Federal government, and company employee resource groups (ERGs). LMI from these entities, including the AJCs and Michigan Bureau of Labor Market Information and Strategic Initiatives, are formally communicated in a monthly report to the field offices by the Business Network Division.
- MRS will continue to assess and develop strategies to improve and/or maintain high performance in this recommendation area.

Technical Assistance:

3.1.1 MRS does not request technical assistance.

3.1.2 MRS does not request technical assistance.

3.1.3 MRS has executed an Intensive Technical Assistance Agreement with WINTAC that allows for guidance and support in this recommendation area.

3.2 Provision of Pre-employment Transition Services

3.2.1 Review all pre-employment contracts and transition curricula and revise, as appropriate, to ensure the allowability of each service being provided;

3.2.2 Analyze the degree to which services are consistent with the definition of each of the five required activities and make adjustments to the contracts as necessary; and

3.2.3 Develop training for MRS and CIL staff to address lack of information and clarity regarding what constitutes the five required pre-employment transition services.

Agency Response:

3.2.1 MRS appreciates and agrees with RSA's recommendation. In addition, MRS offers the following response to RSA:

- In FFY 2019, MRS will be renewing all CIL contracts which include pre-employment transition services and associated curricula. New contract terms shall include language consistent with the scope of VR services defined under 34 C.F.R. § 361.48. Additionally, transition curricula shall be jointly reviewed with all providers and revised, as appropriate, to ensure it meets an accepted standard of practice generally defined as "promising" or higher.
- MRS will continue to assess and develop strategies to improve and/or maintain high performance in this recommendation area.

3.2.2 MRS appreciates and agrees with RSA's recommendation. In addition, MRS offers the following response to RSA:

- In FFY 2019, MRS will be renewing all CIL contracts which include pre-employment transition services and associated curricula. New contract terms shall include language consistent with the scope of VR services defined under 34 C.F.R. § 361.48. Additionally, transition curricula shall be jointly reviewed with all providers and revised, as appropriate, to ensure it meets an accepted standard of practice generally defined as "promising" or higher.
- MRS will continue to assess and develop strategies to improve and/or maintain high performance in this recommendation area.

3.2.3 MRS appreciates and agrees with RSA's recommendation. In addition, MRS offers the following response to RSA:

- As an intensive technical assistance activity, WINTAC shall provide training to ensure MRS and CIL staff are informed and knowledgeable on what constitutes

pre-employment transition services and section 113 of the Act as amended by WIOA.

- Based on the outputs of the intensive technical assistance activity, the Staff Development and Policy Division shall make available training, as needed, to MRS and/or CIL staff.
- MRS will continue to assess and develop strategies to improve and/or maintain high performance in this recommendation area.

Technical Assistance:

- 3.2.1 MRS has executed an Intensive Technical Assistance Agreement with WINTAC that allows for guidance and support in this recommendation area.
- 3.2.2 MRS has executed an Intensive Technical Assistance Agreement with WINTAC that allows for guidance and support in this recommendation area.
- 3.2.3 MRS has executed an Intensive Technical Assistance Agreement with WINTAC that allows for guidance and support in this recommendation area.

4.1 Quality and quantity of supported employment outcomes

- 4.1.1 Evaluate the reasons why individuals in supported employment are not achieving higher hourly wages and more hours worked per week and develop strategies to address these challenges;
- 4.1.2 Encourage VR counselors to work with individuals pursuing supported employment to determine what training opportunities and other supports they need to succeed; and
- 4.1.3 Explore how customized employment might be implemented in Michigan to assist individuals with the most significant disabilities to achieve employment.

Agency Response:

- 4.1.1 MRS appreciates and agrees with RSA's recommendation. In addition, MRS offers the following response to RSA:
 - MRS notes the wage trend was up over the FFY 2014-2016 monitoring period. Additionally, the average hourly wage for supported employment outcomes in FFY 2016 of \$8.82 was greater than the State minimum wage of \$8.50. MRS suggests variation in minimum wage between States may distort comparisons.
 - Historically, access/availability to long-term employment supports through the local public mental health system have been inconsistent. MRS recently executed a memorandum of understanding (MOU) with the Michigan Department of Health and Human Services/Behavior Health and Developmental Disabilities Administration. This MOU provides guidance to fiscal and agency roles relative to long-term employment supports. Although too early to measure, the outcomes

should positively impact wages and hours worked for individual in supported employment.

- MRS will continue to assess and develop strategies to improve and/or maintain high performance in this recommendation area.

4.1.2 MRS appreciates and agrees with RSA's recommendation. In addition, MRS offers the following response to RSA:

- MRS recently update its supported employment (SE) policy (5075) and executed a memorandum of understanding with the Michigan Department of Health and Human Services/Behavior Health and Developmental Disabilities Administration specific to the joint coordination of supported employment services. These actions are intended to provide VR counselors and community mental health partners the guidance and framework necessary to increase SE engagement, services and outcomes.
- MRS will continue to evaluate how to encourage supported employment as a vocational goal. This will include working with employers to increase opportunities for employment in the community, developing innovative models with community rehabilitation programs, and educating/training of staff to upskill in the area and service delivery of supported employment.
- MRS will continue to assess and develop strategies to improve and/or maintain high performance in this recommendation area.

4.1.3 MRS appreciates and agrees with RSA's recommendation. In addition, MRS offers the following response to RSA:

- As an intensive technical assistance activity with WINTAC, MRS shall assess the bureau's readiness and develop a action plan for implementing customized employment. Once complete, the resulting information will guide the development of a customized employment pilot project. Other activities include, training, evaluation and development of an expansion/sustainability plan.
- MRS has incorporated customized employment within its policies and will provide training. MRS intends to develop procedural guides to assist in the development of customized employment opportunities through coordination of business services with employers in the community and specific training on best practices with VR counselors.
- The Business Network Division will continue to work to develop strong, trusting, working relationships with businesses that open the door to exploration of non-traditional job descriptions, that afford access to employment of people with diverse abilities, yet meet the business' needs.
- MRS will continue to assess and develop strategies to improve and/or maintain high performance in this recommendation area.

Technical Assistance:

4.1.1 MRS will explore technical assistance with WINTAC for this recommendation area.

4.1.2 MRS will explore technical assistance with WINTAC for this recommendation area.

4.1.3 MRS has executed an Intensive Technical Assistance Agreement with WINTAC that allows for guidance and support in this recommendation area.

4.2. Inaccurate coding of supported employment cases

4.2.1 Analyze the supported employment data to determine whether the inconsistencies in the data identified are a result of varying practices from year to year or inaccurate coding; and

4.2.2 Develop a system of internal controls to review data for individuals exiting in supported employment.

Agency Response:

4.2.1 MRS appreciates and agrees with RSA's recommendation. In addition, MRS offers the following response to RSA:

- MRS will review a sample of supported employment cases to determine how the services are authorized and/or provided from FFY 2014 - Current. Based on the data collected, MRS will analyze and identify the internal control deficiencies. This will include collaboration between divisions, including: Monitoring and Internal Control, Staff Development and Policy, and Innovation and its case management system, as well as district offices to enhance training and provide clarification of policies, as needed.
- MRS will continue to assess and develop strategies to improve and/or maintain high performance in this recommendation area.

4.2.2 MRS appreciates and agrees with RSA's recommendation. In addition, MRS offers the following response to RSA:

- MRS will review a sample of supported employment cases after exit from FFY 2014-Current. Based on the data collected, MRS will analyze and identify the internal control deficiencies. This will include collaboration between divisions, including: Monitoring and Internal Control, Staff Development and Policy, and Innovation and its case management system, as well as district offices to enhance training and provide clarification of policies, as needed.
- MRS will continue to assess and develop strategies to improve and/or maintain high performance in this recommendation area.

Technical Assistance:

4.2.1 MRS does not request technical assistance.

4.2.2 MRS does not request technical assistance.

Corrective Actions to Improve Performance

2.1 Untimely Eligibility Determination

Corrective Action Steps:

- 2.1.1 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, tracking and monitoring; and
- 2.1.2 Develop procedures for VR counselors and supervisors to track and monitor timely and untimely eligibility determinations.

Agency Response:

- 2.1.1 MRS appreciates and agrees with RSA's finding. In addition, MRS offers the following response to RSA:
- MRS has previously instituted case management tools in its case management system, including Activity Due, to assist counselors and managers in meeting eligibility determination due dates. MRS is continuing to evaluate its case management system for additional controls to identify cases with pending activity due and notify counselors in sufficient time to act. Counselors and managers will be trained on how to use these tools to ensure timely eligibility determinations. Compliance and internal controls will be evaluated at counselor and management meetings.
 - Available MRS administrative support staff assist VR counselors to gather necessary information, such as medical and mental health reports, to determine eligibility as timely as possible. District office personnel needs will be evaluated to determine what additional resources are necessary to obtain compliance.
 - Based on the data collected from the new quality assurance process, a continuous improvement plan will be developed for use by the district offices and monitored by the Monitoring and Internal Control Division. The new process will include comparing data statewide to determine which districts are meeting policy requirements. Identified best practices will be shared throughout MRS.
 - Administrative policy will be developed to address the level of supervision necessary to ensure timely eligibility determinations.
- 2.1.2 MRS appreciates and agrees with RSA's finding. In addition, MRS offers the following response to RSA:
- MRS has previously instituted case management tools in its case management system, including Activity Due, to assist counselors and managers in meeting eligibility determination due dates. MRS is continuing to evaluate its case management system for additional controls to identify cases with pending activity due and notify counselors in sufficient time to act. Counselors and managers will be trained on how to use these tools to ensure timely eligibility determinations.

Compliance and internal controls will be addressed and discussed at counselor and management meetings.

- Based on the data collected from the new quality assurance process, a continuous improvement plan will be developed for use by the district offices and monitored by the Monitoring and Internal Control Division. The new process will include comparing data statewide to determine which districts are meeting policy requirements. Identified best practices will be shared throughout MRS.
- District office personnel needs will be evaluated to determine what additional resources are necessary to obtain compliance.
- Administrative policy will be developed to address the level of supervision necessary to ensure timely eligibility determinations.

Technical Assistance:

- 2.1.1 MRS will request technical assistance from WINTAC on corrective strategies pertaining to this finding area.
- 2.1.2 MRS will request technical assistance from WINTAC on corrective strategies pertaining to this finding area.

2.2 Untimely Development of the IPE

Corrective Action Steps:

- 2.2.1 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
- 2.2.2 Develop goals and strategies to improve VR counselor performance specific to timely IPE development.

Agency Response:

- 2.2.1 MRS appreciates and agrees with RSA's finding. In addition, MRS offers the following response to RSA:
 - MRS has previously instituted case management tools in its case management system, including Activity Due, to assist counselors and managers in meeting IPE development due dates. MRS is continuing to evaluate its case management system for additional controls to identify cases with pending activity due and notify counselors in sufficient time to act. Counselors and managers will be trained on how to use these tools to ensure timely IPE development. Compliance and internal controls will be addressed and discussed at counselor and management meetings.
 - Based on the data collected from the new quality assurance process, a continuous improvement plan will be developed for use by the district offices and monitored

by the Monitoring and Internal Control Division. The new process will include comparing data statewide to determine which districts are meeting policy requirements. Identified best practices will be shared throughout MRS.

- Administrative policy will be developed to address the level of supervision necessary to ensure timely IPE development.

2.2.2 MRS appreciates and agrees with RSA's finding. In addition, MRS offers the following response to RSA:

- MRS has previously instituted case management tools in its case management system, including Activity Due, to assist counselors and managers in meeting IPE development due dates. MRS is continuing to evaluate its case management system for additional controls to identify cases with pending activity due and notify counselors in sufficient time to act. Counselors and managers will be trained on how to use these tools to ensure timely IPE development. Compliance and internal controls will be addressed and discussed at counselor and management meetings.
- Based on the data collected from the new quality assurance process, a continuous improvement plan will be developed for use by the district offices and monitored by the Monitoring and Internal Control Division. The new process will include comparing data statewide to determine which districts are meeting policy requirements. Identified best practices will be shared throughout MRS.
- Administrative policy will be developed to address the level of supervision necessary to ensure timely IPE development.

Technical Assistance:

2.2.1 MRS will request technical assistance from WINTAC on corrective strategies pertaining to this finding area.

2.2.2 MRS will request technical assistance from WINTAC on corrective strategies pertaining to this finding area.

5.1 Prior Approval Not Obtained

Corrective Action Steps:

5.1.1 RSA requires that MRS develop and implement policies and procedures, as well as a written internal control process, including a monitoring component, to ensure ongoing compliance with the prior approval requirements, in accordance with RSA Technical Assistance Circular (TAC) 18-02.

Agency Response:

5.1.1 MRS appreciates and agrees with RSA's finding. In addition, MRS offers the following response to RSA:

- The RSA on-site monitoring team informed MRS of the Prior Written Approval (PWA) requirements related to 2 C.F.R. § 200.407. The MRS director and staff were not aware of the changes that had occurred requiring compliance with 2 C.F.R. § 200.407 during the period of the monitoring that PWA applied (FFY 2016 – see page 33 of this report). MRS requested technical assistance related to 2 C.F.R. § 200.407 during the on-site monitoring team visit. Since RSA formal guidance had not yet been developed, on-site technical assistance was limited to education regarding the requirements of 2 C.F.R. § 200.407 as it related to items that met the definition of equipment in accordance with 2 C.F.R. § 200.33 and § 200.439, exceeding the State’s capitalization threshold of \$5,000 (see page 34 of this report). MRS appreciated the educational instruction and clarification that 2 C.F.R. § 200.407 applies on a per unit basis. MRS also inquired whether PWA applied to case service expenditures and, at the time of the on-site monitoring was informed that PWA did not apply to expenditures authorized under an IPE as long as MRS did not hold title to the expenditures authorized under an IPE to which 2 C.F.R. § 200.407 and § 200.33 might apply. MRS understood that as a result of the on-site monitoring technical assistance, PWA would not apply to MRS case service expenditures that might otherwise be subject to PWA since MRS does not take title to equipment purchased on behalf of customers.
- Actions taken to date include the following:
 - 1) In accordance with the on-site technical assistance provided, MRS began implementing a process to request PWA as follows:
 - a) Email with “Prior Approval” in the subject line to fiscal liaison listing non-case services expenditures related to equipment purchases in excess of \$5,000.00.
 - b) Monitoring of non-case service expenditures for equipment in order to identify items subject to PWA.
 - c) MRS staff were instructed not to proceed with capital expenditures subject to PWA until PWA was received.
 - d) MRS set up a single point of contact for PWA requests.
 - 2) For FFY 2018, MRS requested and received from RSA PWA for equipment exceeding \$5,000 per unit.
 - 3) For FFY 2018, MRS requested and received from RSA PWA for improvements to Michigan Career and Technical Institute (MCTI).
 - 4) For FFY 2018 and based on additional feedback and technical assistance, MRS requested and received from RSA PWA for participant support costs (MCRS attendance at CSAVR and DTMB attendance at an Alliance conference).
 - 5) Subsequent to the on-site monitoring, RSA released Technical Assistance Circular (TAC) 18-02 on April 11, 2018. MRS is currently in the process of evaluating how best to incorporate the guidance of TAC 18-02 into its operations.
- Because there are two VR agencies in the State of Michigan, MRS will coordinate its efforts to comply with Corrective Action Step 5.1.1 in its report with the blind agency to align the policies and procedures of both agencies.

RSA Response: RSA acknowledges MRS’s efforts to meet prior approval requirements identified in Uniform Guidance, including the review of TAC-18-02 and RSA’s prior approval webinar, which provide clarification about certain general purpose equipment and participant support costs, and the ability for grantees to submit a streamlined, budgeted prior approval request for these two cost categories.

Technical Assistance:

5.1.1 MRS appreciates ongoing technical assistance for PWA and will receive additional technical assistance from the following source:

On April 23, 2018, the Rehabilitation Services Administration (RSA) announced that during the week of May 15, 2018, RSA would be posting a series of pre-recorded webinars related to implementation of Technical Assistance Circular (TAC) 18-02 titled “Submission Procedures for Prior Written Approval Requests under the State Vocational Rehabilitation (VR) Services Program”. The TAC is available at <https://www2.ed.gov/policy/speced/guid/rsa/subregulatory/tac-18-02.pdf> (PDF, 113 KB).

The purpose of this email is to inform grantees that the release date for the webinars has been postponed to on or before May 28, 2018. There will be five webinars in the series.

Session 1 - Prior Approval: Overview

Session 2 - Prior Approval: When is it Required?

Session 3 – Prior Approval: Administrative and Clerical Staff

Session 4 – Prior Approval: General Purpose Equipment

Session 5 – Prior Approval: Participant Support Costs

The first three sessions are applicable to all RSA formula grant awards. Sessions four and five are specific to the VR program and the flexibilities in TAC 18-02. The webinars will provide agencies with details on the process for submitting prior approval requests and address questions we have received from the field. MRS, along with the blind agency, in order to maintain alignment in common policies and procedures, may require additional technical assistance to ensure it has complied with the Corrective Action Step for PWA.

5.2 Internal Control Deficiencies

Corrective Action Steps:

5.2.1 Revise its written policies and procedures governing the manner in which MRS will set fees for purchased VR services, including pre-employment transition services, based on reasonable costs established by the agency, as required by 34 C.F.R. §361.50(c)(1);

5.2.2 Cease charging to the VR program cancellation or no-show fees that are not allocable, allowable, or benefit the VR program;

5.2.3 Develop or revise written policies and procedures governing the oversight of grant-supported activities, particularly with respect to activities performed under TPCAs with MRS, as required by 2 C.F.R. § 200.328(a); and

5.2.4 Develop and implement a mechanism to ensure costs for all pre-employment transition services required activities provided at MCTI are allocable and allowable under the reserve, in accordance with 2 C.F.R. § 200.405 and sections 110(d)(2) and 113 of the Rehabilitation Act, and implement a mechanism to reconcile budgeted service fees at MCTI to actual costs spent providing the services.

Agency Response:

5.2.1 MRS appreciates and agrees with RSA’s finding. In addition, MRS offers the following response to RSA:

- MRS policy identifies usual, customary and reasonable (UCR) as the method used when establishing rate for purchased VR service. Specifically, UCR is established as an amount not to exceed the rates charge by other agencies for a similar service in a geographic area.
- MRS is receiving technical assistance from WINTAC as an initial step to developing policy governing the rate setting methodology used to assign costs for purchased VR services. MRS has also reached out to other VR agencies to collect a sampling of methodologies used to set rates for purchased VR services.
- MRS will revise policy and procedures to ensure expenditures incurred for the provision of purchased VR services are allowable, reasonable, and allocable. Furthermore, VR counselors will have sufficient guidance on when to authorize rates of payment for VR services at the local level.

5.2.2 MRS appreciates and agrees with RSA’s finding. In addition, MRS offers the following response to RSA:

- MRS will cease charging to the VR program cancellation or no-show fees that are not allocable, allowable, or benefit the VR program. MRS policy will be updated to assure fiscal accountability in this area.
- The Monitoring and Internal Control Division will include an item within the case review process to determine compliance with this policy.

5.2.3 MRS appreciates and agrees with RSA’s finding. In addition, MRS offers the following response to RSA:

- MRS is assessing the impact of discontinuing the use of TPCAs as a source of match and services delivery beyond FFY 2018. However, if continued and to ensure what is recorded/reported as match is accurate, MRS will revise the TPCA Procedural Guidelines steps to monitor/reconcile the annual certification total match received at the State level to the TPCA total received at the local level.

5.2.4 MRS appreciates and agrees with RSA’s finding. In addition, MRS offers the following response to RSA:

- On page 38 of the report it refers to MCTI staff time for the summer PERT program expenditures that were reported as pre-employment transition services. MRS will no longer report the MCTI PERT program expenditures as allowable activities for Pre-Employment Transition Services.

Technical Assistance:

- 5.2.1 MRS has requested and is receiving technical assistance from WINTAC on corrective strategies pertaining to this finding area.
- 5.2.2 MRS requests technical assistance from RSA due to unusual circumstances involving interpreter services necessary for the provision of VR services.
- 5.2.3 MRS does not request technical assistance.
- 5.2.4 MRS has executed an Intensive Technical Assistance Agreement with WINTAC that allows for guidance and support in this recommendation area.

5.3. Unallowable Sources of Match in the VR Program

Corrective Action Steps:

- 5.3.1 Cease reporting costs for unallowable SILC activities that do not meet VR program requirements at 34 C.F.R. § 361.60(b) or 34 C.F.R. § 361.28 as match for the VR program;
- 5.3.2 Revise and implement policies and procedures related to non-Federal share to correctly account for allowable VR program match; and
- 5.3.3 Revise SF-425 reports to reflect accurate non-Federal expenditures and ensure accurate reporting of non-Federal share in future submissions.

Agency Response:

- 5.3.1 MRS appreciates and agrees with RSA's finding. In addition, MRS offers the following response to RSA:
 - MRS ceased and has not reported SILC activities as a source of match since FFY 2016.
- 5.3.2 MRS appreciates and agrees with RSA's finding. In addition, MRS offers the following response to RSA:
 - MRS will revise administrative policies and procedures related to non-Federal share to correctly account for allowable VR program match.
- 5.3.3 MRS appreciates and agrees with RSA's finding. In addition, MRS offers the following response to RSA:
 - No SILC activities were reported as a source of match on the FFY 2017 and FFY 2018 SF-425 reports.

Technical Assistance:

5.3.1 MRS does not request technical assistance.

5.3.2 MRS does not request technical assistance.

5.3.3 MRS does not request technical assistance.