Fiscal Year 2007 Monitoring Report on the Vocational Rehabilitation and Independent Living Programs in the State of Arkansas

U.S. Department of Education

Office of Special Education and Rehabilitative Services

Rehabilitation Services Administration

September 7, 2007

CONTENTS

Executive Summary

The Rehabilitation Services Administration (RSA) reviewed the performance of the following programs of the Rehabilitation Act of 1973, as amended, (the Act) in the state of Arkansas (AR):

- the Vocational Rehabilitation (VR) Program, established under Title I;
- the Supported Employment (SE) Program, established under Title VI, Part B;
- the Independent Living (IL) Services Program, authorized under Title VII, Part B; and
- the Independent Living Services Program for Older Individuals Who Are Blind (OIB), established under Title VII, Chapter 2.

In AR, the Division of Services for the Blind (DSB) within the Department of Human Services is responsible for the provision of VR, SE, and IL services to individuals with blindness and severe visual impairments. The Arkansas Rehabilitation Services (ARS), located within the Department of Workforce Education, is responsible for the provision of VR, SE, and IL services for all eligible individuals with disabilities except for those individuals that may be served by DSB.

The RSA review began in the fall of 2006 and ended in the summer of 2007. During this time, RSA's AR state team:

- gathered and reviewed information regarding each program's performance;
- identified a wide range of VR and IL stakeholders and invited them to provide input into the review process;
- conducted two on-site visits, and held multiple discussions with state agency staff, ARS' State Rehabilitation Council (SRC) members, Statewide Independent Living Council (SILC) members, DSB's Commission Board members, the Client Assistance Program (CAP) staff, and stakeholders to share information and to identify effective practices and areas for improvement;
- provided technical assistance (TA);
- worked with ARS, DSB, and stakeholders to develop goals, strategies, and evaluation methods to address performance and compliance issues; and
- identified the TA that RSA would provide to help improve program performance.

As a result of the review, RSA:

- identified promising practices;
- identified performance and compliance issues;
- worked with ARS and DSB to develop performance and compliance goals and strategies related to selected issues;

- identified the TA that it would provide to assist the agencies to achieve the goals identified as a result of the review;
- made recommendations in those instances when ARS or DSB and RSA did not agree on issues; and
- identified potential issues for further review.

<div align="center">ARS Strengths and Challenges</div>

Strengths:

ARS has established a specialized quality assurance team that administers a succinct and thorough service record review process on a regular basis. Results of the service record review facilitate targeted training areas of improvement for VR staff. The quality assurance team lays the foundation for continuous program improvement within ARS' VR program. FY 2005 and FY 2007 monitoring reviews revealed that ARS manages well-organized service records.

ARS has developed strong working relationships with CAP staff, CRP providers, and CIL directors that are collaborative and meaningful.

ARS case management system and data collection systems complement RSA's data collection and reporting.

Areas of improvement:

Contractual arrangements need more oversight and accountability.

Too few VR counselors are employed to manage large caseloads to provide individualized VR services to consumers.

The SE program is underutilized and needs to be expanded.

VR staff needs more training on the federal requirements and provision of IL services.

Challenges:

ARS needs to develop and implement a strategic long-term plan to continue its overall program improvements efforts.

During the on site visit, VR managers and VR counselors reported that job satisfaction is difficult to achieve.

The allocation of resources to provide individualized VR, IL and SE services to eligible consumers needs a comprehensive and critical review.

DSB Strengths and Challenges

Strengths:

DSB commission board members are active and knowledgeable of DSB program operations and services.

DSB has an effective electronic case management and data collection system that yielded over 90 percent accuracy during the on site 911 data verification review.

Overall program operations, data collection, and fiscal reporting are closely managed.

FY 2006 data analysis and on site visit reports show that DSB provides substantial services to individuals who are determined eligible for services.

Challenges:

DSB lacks a network of CRP providers and employment infrastructure to meet the job search, job development, job placement, and SE needs of its consumers.

Introduction

Section 107 of the Rehabilitation Act of 1973, as amended (the Act), requires the Commissioner of RSA to conduct annual reviews and periodic on-site monitoring of programs authorized under Title I of the Act to determine whether a state VR agency is complying substantially with the provisions of its state plan under Section 101 of the Act and with the evaluation standards and performance indicators established under Section 106. In addition, the Commissioner must assess the degree to which VR agencies are complying with the assurances made in the state plan supplement for SE under Title VI of the Act and the degree to which programs offered under Title VII of the Act are substantially complying with their respective state plan assurances and program requirements.

In order to fulfill its monitoring responsibilities, RSA:

- reviews the state agency's performance in assisting eligible individuals with disabilities to achieve high-quality employment and IL outcomes;

- develops, jointly with the state agency, performance and compliance goals as well as strategies to achieve those goals; and

- provides TA to the state agency in order to improve its performance, meet its goals, and fulfill its state plan assurances.

Scope of the Review

RSA reviewed the performance of the following programs of the Act:

- the VR program, established under Title I;
- the SE program, established under Title VI, Part B;
- the IL program, authorized under Title VII, Part B; and
- the OIB program, established under Title VII, Chapter 2.

In addition, RSA also reviewed ARS' and DSB's progress on:

- the Corrective Action Plans (CAPs) that were established as a result of findings from RSA's FY 2005 Section 107 monitoring review for ARS and FY 2004 Section 107 monitoring review for DSB; and
- the assurances that ARS and DSB made to RSA in conjunction with each agency's respective FY 2007 state plans.

AR Administration of the VR, SE, IL, and OIB Programs

The Act provides flexibility for a state to have two state VR agencies: one for individuals who are blind and one for individuals with other disabilities. In 1965, the AR General Assembly passed the Arkansas Act 180 that created the Division of Rehabilitation

Services for the Blind, a separate VR agency to provide services for individuals who are blind. In 1983, Arkansas Act 481 placed DSB within the Department of Human Services and mandated that the responsibility for DSB program oversight be carried out by a policy making commission. The DSB Commission sets program policy and employs the Commissioner of DSB to manage agency operations in accordance with federal and state law. DSB serves as both the designated state agency (DSA) and the designated state unit (DSU).

ARS is located in the Department of Workforce Education. The Department of Workforce Education serves as the DSA and ARS is the DSU for the VR program that serves individuals with disabilities other than those who are blind. ARS operates 19 field offices statewide, the Hot Springs Rehabilitation Center, and other specialized programs such as the Rehabilitation Initial Diagnosis and Assessment for Clients and the Telecommunications Access Program.

Both ARS and DSB receive federal dollars to administer the VR program, SE program, and to provide IL services for Arkansans. It should be noted that DSB has sole responsibility to administer the OIB program under Title VII, Chapter 2 of the Act.

For the four programs listed above, this report describes RSA's review of ARS and DSB, provides information on each agency's performance, identifies promising practices, identifies performance and compliance issues, and identifies the related goals, strategies, and TA that RSA will provide to ARS and DSB to address each of the issues identified during the review.

Appreciation

RSA wishes to express appreciation to the representatives of the ARS, the DSB, the ARS SRC, the DSB Commission Board, the SILC, service providers, and the stakeholders who assisted the RSA monitoring team in the review of ARS and DSB.

Chapter 1: RSA's Review Process

<u>Data Used During the Review</u>

RSA's review of the AR VR, SE, and IL services programs began in the fall of 2006 and ended in the summer of 2007. RSA's data collections are finalized and available at different times throughout the year. During this review, RSA and the state agencies used the most recent data that was available from the FY 2005 and FY 2006 collections. As a result, this report cites data from FY 2005 and FY 2006.

<u>Review Process Activities</u>

During the review process, RSA's AR state team:

- gathered and reviewed information regarding ARS' and DSB's performance;
- identified a wide range of VR and IL stakeholders and invited them to provide input into the review process;
- conducted two on-site visits, and held multiple discussions with state agency staff, ARS' SRC members, SILC members, DSB's Commission Board members, CAP staff, and stakeholders to share information, identify effective practices and areas for improvement;
- provided TA to ARS and DSB;
- worked with ARS and DSB to develop goals, strategies, and evaluation methods to address performance and compliance issues;
- made recommendations to ARS and DSB in those instances when either ARS or DSB and RSA did not agree on issues;
- identified potential issues for further review;
- identified the TA that RSA would provide to help the state VR agencies improve their performance; and
- provided an in-depth data analysis on specific areas of interest.

<u>RSA AR State Team Review Participants</u>

Members of RSA's AR state team included representatives from each of RSA's State Monitoring and Program Improvement Division's (SMPID) five functional units. The RSA AR state team was led by RSA's state liaison, Melodie P. Johnson, Management and Program Analyst of the Office of Special Education and Rehabilitative Services (OSERS), representing the VR unit. The RSA AR team members were: Jacqueline Stuckey, co-state liaison (Fiscal Unit); Joseph Pepin (Data Unit); Joan Ward (Data Unit); Regina Luster (Fiscal Unit); Joseph Doney (TA Unit); Jeffrey Clopein (VR Unit); Felipe Lulli (IL Unit); and Jerry Elliott, Management and Program Analyst of OSERS.

<u>Information Gathering</u>

During FY 2007, RSA began its review of the state VR agencies by analyzing information including, but not limited to, RSA's various data collections, ARS' and DSB's VR and IL state plans, and ARS' SRC's Annual Report. After completing its internal review, the RSA team carried out the following information gathering activities with ARS, DSB, and stakeholders in order to gain a greater understanding of the state VR agencies' strengths and challenges:

- the RSA AR state liaison conducted a series of individual teleconferences with the ARS and DSB management teams as well as stakeholders;
- the RSA AR state team conducted a minimum of four teleconferences with the ARS and DSB management;
- the RSA AR state team held teleconferences with stakeholders;
- RSA conducted two on-site monitoring visits: the first monitoring visit was conducted with ARS from May 14-18, 2007, and the second monitoring visit was conducted with DSB from June 11-15, 2007;
- the RSA AR state team also held several teleconferences and on-site meetings focused on the SILC and IL services, including the development of the SILC;
- the RSA AR state team conducted teleconferences and held on-site meetings with the SRC chairperson of ARS and the Commission chairperson of DSB; and
- the RSA AR state team conducted a targeted service record review of ARS and DSB service records.

Chapter 2: Arkansas Rehabilitation Services: Vocational Rehabilitation and Supported Employment Programs

Program Organization

ARS is an integral part of the statewide workforce investment system. Through operation of its VR and SE programs, ARS provides both VR and SE services to individuals with disabilities. VR counselors are assigned to each of the state's 75 counties, operating out of offices located in key cities. Counselors regularly travel to locations within their assigned counties to provide agency services to individuals needing services in small towns and rural areas.

There are components within ARS that provide specialized programs, such as: transition services for youths with disabilities who are preparing for adult life; services for individuals with communication needs, such as the Office for the Deaf and Hearing Impaired; and specialized assessment, treatment, and vocational training offered at the Hot Springs Rehabilitation Center and Arkansas Career Training Institute. ARS has an array of contracts with private providers of specialized services. As a result of limited resources, ARS has implemented an Order of Selection (OOS) that directs services first to those individuals with the most significant disabilities. RSA FY 2006 data indicate that there are 17 individuals on the ARS waiting list.

As referenced earlier, ARS is a division in AR's Department of Workforce Education, and the Commissioner of ARS reports to the Director of the Department of Workforce Education who reports directly to the Governor. The March 2007 ARS organizational chart shows that ARS senior management has responsibility for eight major components of ARS, namely: Communications & Consumer Affairs; Human Resource Personnel Administration; Hot Springs Rehabilitation Center; Field Services; Special Programs; Program Planning, Development, and Evaluation; Financial Management Services; and Information Systems and Services. In FY 2006, ARS reported that 60 out of 86 caseload-carrying counselors met the national Certified Rehabilitation Counselor (CRC) standard.

The ARS FY 2007 VR state plan reported that the ARS SE program served approximately 299 individuals with disabilities, and of those individuals served, 54 were successfully rehabilitated. ARS has a history of passing performance standards and indicators.

Table 1 provides fiscal and program data for FY 2002 through FY 2006. These data provide an overview of the VR program's costs, outcomes, and efficiency. The table identifies the amount of funds used by the agency, the number of individuals who applied, and the number who received services. It also provides information about the quality of the agency's employment outcomes and its transition services.

Table 1
ARS Program Highlights FY 2002 – 2006

ARKANSAS	2002	2003	2004	2005	2006
Total funds used	$38,822,381	$37,770,156	$40,422,883	$42,322,749	$43,251,885
Individuals served during year	15,537	15,873	15,640	14,769	14,283
Applicants	9,850	9,492	8,651	7,578	7,322
Closed after receiving services	3,326	4,287	4,395	3,859	4,235
Closed with employment outcomes	2,003	2,228	2,440	2,353	2,502
Employment outcomes without supports in an integrated setting	1,919	2,153	2,354	2,257	2,405
Average cost per individual served	$2,498.71	$2,379.52	$2,584.58	$2,865.65	$3,028.21
Average cost per employment outcome	$19,382.12	$16,952.49	$16,566.76	$17,986.72	$17,286.92
Employment outcomes per $million spent	51.59	58.99	60.36	55.60	57.85
Competitive employment outcomes per $million spent	49.25	58.94	60.26	55.38	57.71
Average hourly earnings for paid employment outcomes	$9.18	$9.52	$9.43	$9.32	$9.84
Average state hourly earnings	$13.50	$13.89	$14.31	$14.97	$15.44
Average hours worked per week for paid employment outcomes	37.39	37.11	36.64	36.27	35.75
Percent of transition age served to total served	32.05	32.54	32.58	31.12	31.64
Employment rate for transition age served	60.88	54.62	59.08	67.86	62.24
Average time between application and closure (in months) for individuals with successful paid employment outcomes	34.90	36.50	35.10	33.30	31.50
Average number of individuals served per total staff	33.41	33.56	32.58	31.09	30.32

Table 2
ARS Trend Data
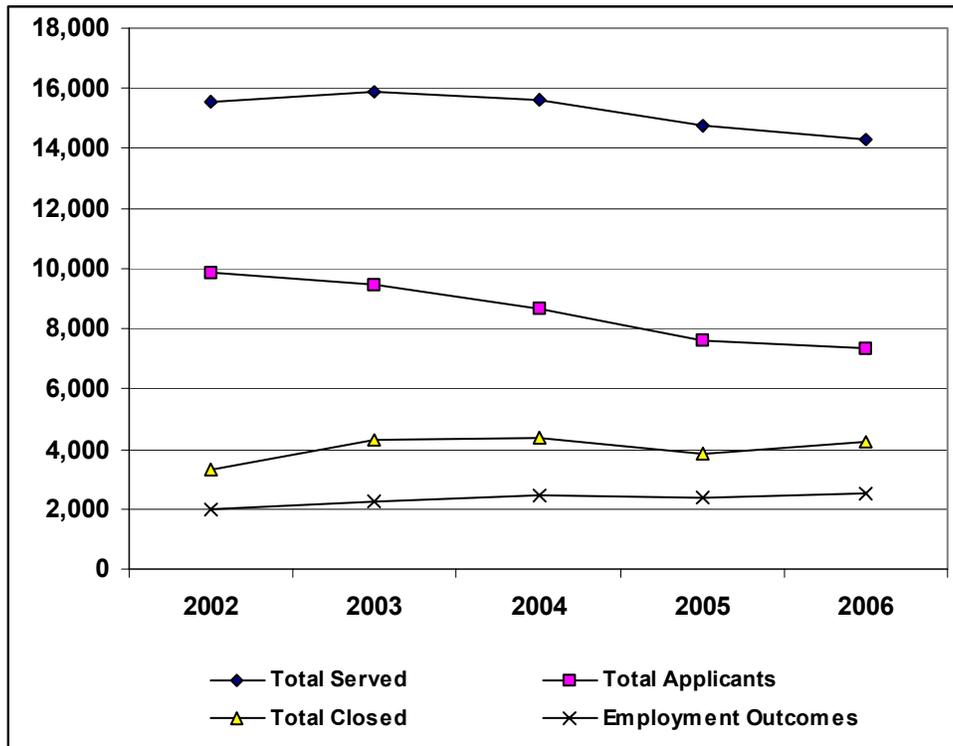
Provision of TA to the VR and SE Programs During the Review Process

RSA provided TA to ARS in a number of VR and SE program areas during the review process. RSA:

- verified the agency's RSA-911 case service record data for FY 2004, FY 2005, and
  FY 2006;

  The RSA-911 verification process consisted of using a custom computer application to compare the data reported on the RSA-911 Case Service Report submitted to RSA by the ARS to the data obtained by reviewing the actual service records on site. The RSA on site monitoring team looked at 42 data elements reported on the RSA-911 Case Service Report. The 42 data elements included the date of application, gender, date of birth, race, ethnicity, source of referral, impairment code and cause of impairment for both primary and secondary impairments, weekly earning at application and closure, hours worked in a week at application and closure, primary source of support at application and closure, level of education attained at application and closure, employment status at application and closure, type of public support at application and closure, date of

eligibility determination, date of individualized plan for employment, date of closure, and type of closure.

The RSA on site monitoring team reviewed 49 total service records. Seventeen of the records were closed in FY 2006; two were closed with a successful employment outcomes and fifteen were closed unsuccessfully. Eighteen of the records were closed in FY 2005; nine were closed with a successful employment outcomes, eight were closed unsuccessfully, and one was closed unsuccessfully before receiving services. Fourteen of the records were closed in FY 2004; four were closed with a successful employment outcomes, and ten were closed unsuccessfully. The accuracy rate was 77 percent for FY 2006, 72.3 percent for FY 2005, and 75.9% for FY 2004.

- provided feedback to the agency on its case management system;
- provided training on how to use RSA's Management Information System (MIS);

    Other activities included demonstrating the RSA MIS (Management Information System). The demonstration included how to locate the RSA-113/RSA-2 monitoring tables, RSA-911 monitoring tables, the standard and indicators, agency report cards, and the underlying report card tables. The team also showed the agency how to do ad hoc queries on the MIS to obtain information about their agency, and/or compare and contrast their agency against other similar agencies. Additionally the ARS demonstrated their case management system.

- provided consultation to key individuals and community rehabilitation program (CRP) representatives regarding employment outcomes;
- conducted a targeted service record review;
- visited both rural and urban VR field offices; and
- provided specific one-on-one fiscal management guidance.

Promising VR and SE Practices Identified by ARS and Stakeholders During the Review Process

RSA's review process solicited input from ARS and stakeholders about effective practices. The following practice was identified:

1. Service Record Review Process

    As part of its quality assurance team responsibilities, ARS conducts regular service record reviews to train VR counselors and assess compliance with VR program requirements and state standards. Typically, 125 service records are reviewed quarterly. ARS quality assurance team and managers review both active and closed records. ARS uses a review instrument for this process that is consistent with federal requirements. The process allows for targeted reviews, such as the 2007 review that focused on recommendations and findings in the RSA FY 2005 monitoring report. ARS' service record review enhances

accountability, promotes consistency among staff with respect to the implementation of state and federal requirements, and is aligned with the identification and sharing of effective practices, staff training, and policy revision.

VR and SE Issues Identified by Stakeholders During the Review Process

RSA's review process solicited input from ARS and stakeholders about VR and SE performance and compliance issues. Stakeholders identified the following issues:

1. CRPs

   • Consumers working at CRPs are not reported as successful employment outcomes (Status 26 closures).

   • There has been a decline in referrals from ARS to CRPs over the last three or four years.

   • There is a delay in providing transition services to ARS youths with disabilities.

2. Job Placement and Employment

   • ARS needs to increase its focus on employment to help ARS consumers obtain a job in their career as soon as consumers' complete training.

3. IL

   • IL stakeholders commented that they have a good working relationship with ARS.

   • ARS provide greater support in the CILs' nursing home transition efforts. The directors complimented ARS on the formation of a housing work group and on its participation in other nursing home transition committees, but they would like to work with ARS to increase its home and community services in partnership with CILs.

   • The Hot Springs Rehabilitation Center work closer with CILs to provide basic IL skills training.

Following compilation and discussion with ARS about these issues, RSA worked with ARS to address as many of these issues as possible either directly or by consolidating the issue into broader issue area.

VR and SE Performance Issues, Goals, Strategies, Methods of Evaluation, and TA

RSA and ARS agreed on the following performance goals; strategies to achieve those goals, methods of evaluation, and TA that RSA would provide to assist ARS achieve each goal. These goals and strategies will be considered for inclusion in ARS' FY 2009 state plan, and if they are included, progress on achieving these goals will be reported in ARS' FY 2011 annual state plan submission.

1. Number of individuals with significant and most significant disabilities that achieve employment outcomes

Issue: ARS exceeds the performance level for the RSA Indicator 1.4, the percent of individuals who achieve a competitive employment outcome who are individuals with significant disabilities, and has a fairly high percentage of individuals who are coded as individuals with significant or most significant disabilities as identified on the RSA-911. Therefore, this goal is developed to address overall program improvement in accordance with the requirements and intent of the Act.

In spite of the number of individuals with significant disabilities identified on the RSA-911, there are indications that improvement is needed in reaching individuals with significant and most significant disabilities. For individuals with physical disabilities, ARS data indicates that ARS is serving almost 15 percent more individuals than the national average.

However, ARS obtained employment outcomes for relatively low percentages of individuals with all mental impairments (37.27 percent of all employment outcomes in FY 2005) compared to the national average of general and combined agencies (54.83 percent of employment outcomes in FY 2005). This category generally includes many individuals who are coded as individuals with significant or most significant disabilities because of the limitations imposed by disabilities that impair intellectual functions. As the table below shows, ARS also achieves a smaller percentage of employment outcomes for the four major subgroups of the mental impairments category on the RSA-911.

Table 3
Percentage of Employment Outcomes

Disabilities	ARS' Percentage of Employment Outcomes in FY 2005	General and Combined Agency Mean Percentage of Employment Outcomes in FY 2005
All Mental Impairments	37.27	54.83
Cognitive Impairments	23.97	27.28
Psychosocial Impairments	11.86	18.32
Other mental Impairments	1.44	9.22

The pattern of service provision for ARS also reflects the relatively low rates of service to individuals with significant and or most significant mental, and especially cognitive, impairments. For example, ARS in FY 2005 provided college or university training to 31.49 percent of the individuals achieving an employment outcome, compared to a national mean for general and combined agencies of 14.27 percent. Typically college or university training is offered to individuals who do not have significant cognitive impairments.

At the same time, ARS provided on-the-job supports to only 2.76 percent of the individuals who achieved employment outcomes in FY 2005 compared to the national mean for general and combined agencies of 21.10 percent. It should be noted that on-the-job support services are most often used by individuals with mental retardation and severe and chronic mental illness, as a strategy to support achievement of both competitive employment and SE, competitive employment with long-term supports.

There was also anecdotal evidence that individuals served by ARS and coded as significantly disabled may not always have met the federal definition of significant disability. In particular, the service record review conducted by RSA in FY 2005 reported instances of single service outcomes such as hearing aid replacement without other significant services evident in the service record. These records were discussed among the reviewers, including ARS reviewers, and were referred to as "old school" rehabilitations. These anecdotal observations, however, are not a sufficient basis for conclusions, and the observations would not fully explain the information provided relative to disability groups served and service patterns. The following system issues below are significant contributing factors in the numbers of individuals with significant and most significant disabilities reported in the data above:

Transition Service Delivery System

In FY 2005, ARS identified the need to develop a transition initiative to implement a statewide effort to reach all schools in AR. ARS reported that not all schools are currently participating in a cooperative relationship with ARS in the provision of transition services. RSA data suggest that there are additional areas for improvement in serving transition-age individuals. The RSA 911 data show only 42.86% of the transition age individuals are referred to ARS by an elementary or secondary schools. The national average for general and combined agencies on this data element is 51.50%. For VR agencies identified with strong transition programs, the same data element is approximately 67%. Also, ARS data reports reflect a different mix of individuals referred in the transition age population. Individuals with physical disabilities accounted for 41.46% of transition age individuals who obtained employment outcomes in FY 2006 compared to the general and combined agency mean of 15.03%. Likewise, individuals with mental impairments accounted for 53.78% of individuals who achieved employment outcomes in FY 2006, compared to the general and combined agency mean of 77.22%. Although this data is not conclusive, there is indication that ARS is finding individuals in the transition age population with physical disabilities who are interested in higher

education, but is not systematically reaching all transition age individuals with IEPs, who may be individuals with significant and most significant disabilities.

RSA commends ARS for undertaking a more systematic transition approach to reaching more schools and individuals with individualized education programs (IEPs) who may be individuals with significant and most significant disabilities. This approach will contribute towards improving some of the data results discussed above.

Comprehensive SE System

A second system issue is related to ARS not serving particular groups of individuals. There is not a well-developed system of SE in AR. RSA state plan reviews reported minimal activity and program description of the ARS SE program. Interviews with ARS staff, including ARS managers, CRP service providers, and others report that CRPs have not shifted from sheltered employment and contract models of service to models that include direct job placement, SE placement, and the support services needed to sustain these placements. ARS staff requested that RSA specifically meet with CRP service providers to discuss RSA guidance and implementing federal requirements regarding the reporting of a successful employment outcome. The lack of viable service options may partially account for the data results showing that individuals with mental impairments are underserved.

Job Development and Job Placement Network

ARS also reported job placement issues as a factor in serving individuals with most significant disabilities. There are a significant number of individuals with mental impairments and severe physical disabilities who do not want to pursue higher education, or who do not need SE with extended supports, but instead need help with job development, job placement, and possibly some short-term help with on-the-job adjustment. Traditionally, ARS provides placement services through a statewide contract with the Association of Rehabilitation in Industry and Business (ARIB), a private nonprofit agency that hires placement staff and co-locates staff persons in ARS offices to provide job development and job placement services. Both ARS administrators and many ARS staff interviewed by the RSA review team indicated that in parts of the state this model is not working. ARIB staff is not able to reach all parts of the state and the number of individuals placed by ARID is low in some parts of the state. Again, a well-established job placement service base, would facilitate necessary support and employment opportunities to individuals with significant and most significant disabilities.

Goal: To increase the number of individuals with significant and most significant disabilities who receive VR services.

Strategies:

1. In conjunction with the results of the ARS statewide comprehensive needs assessment and other relevant data sources, ARS will assess the numbers of individuals with

significant and most significant disabilities to determine their potential needs for VR services.

2. ARS will develop and implement an outreach plan to build referral relationships with developmental disability (DD) and mental health (MH) service providers.

3. ARS will review the ARIB placement contract to determine if this is still a viable and preferred way of delivering placement services.

4. ARS will include in discussions with CRPs and SE service vendors the possibility of developing job placement services for all individuals with disabilities.

5. ARS will carry out strategies identified, such as hiring a statewide transition coordinator and increased ARS staff participation in transition conferences, to support the transition initiative. These strategies will also support this goal by finding individuals from the underserved disability groups who are likely to also have significant or most significant disabilities.

6. ARS will carry out strategies related to the development of a system of SE, as this program obtains employment outcomes for individuals who are most significantly disabled.

Methods of Evaluation:

1. Develop an outreach plan to reach DD and MH referral sources by December 31, 2007, and implement the plan by July 1, 2008.

2. Complete the review of the ARIB contract and develop a written conclusion by December 31, 2007.

3. Meet with CRPs and SE vendors to discuss interest and ability to provide job development and job placement services. Develop a written description of the results of the discussion by December 31, 2007.

4. Analyze the results of Strategies 2 and 3, design an approach to developing an effective statewide job placement service system, and begin implementation of the system by July 1, 2008.

5. Review SE evaluation activities included in the following goal, number 2, for methods of evaluation that may be used to measure progress on this goal.

TA:

- RSA will assist ARS in developing an effective statewide job placement service system, as needed, through provision of contacts with other state VR agencies that have a system similar to that desired by ARS.

- RSA will provide assistance with performance-based contracts, other funding mechanisms, and other aspects of establishing, monitoring, and supporting such a system, as needed and depending upon the type of system desired by ARS.

2. Fully operating ARS SE Program

Issue: As referenced earlier and throughout the FY 2007 monitoring review, ARS staff, CRP service providers, and others have not transitioned from sheltered employment and contract models of service to models that include direct job placement and SE placement and support services. In fact, ARS does not include SE vendors and job placement vendors in its definition of CRPs, assuming as in times past that a CRP is synonymous with sheltered employment. Also, the RSA FY 2007 service record review revealed that CRP staffs are place consumers on jobs and VR counselors do not report many of these employment outcomes as successful.

Related factors appear to include the lack of adoption of the SE model, a possible lack of emphasis on work in general as a primary goal for the state's developmental disabilities and mental retardation agencies, and the reluctance of the CRPs to change models without a market to support the new activities. While there are some SE providers in parts of the state, SE is not a statewide initiative.

As a result, ARS achieved only 55 (2.34 percent) SE outcomes in FY 2005, compared to a general and combined agency mean of 9.07 percent. More individuals with severe cognitive and mental disabilities are still being closed in some types of sheltered employment settings that cannot be counted as employment outcomes for the VR program. Without a viable SE network and extended supports from partner agencies, ARS has relatively few options for serving individuals with the most severe cognitive and mental disabilities.

ARS cannot establish a viable SE system by itself. The state legislature, parents, vendors, state DD and MH agencies, and the state Medicaid system all have pieces of the solution. A primary issue is whether or not all stakeholders see work as a valuable part of the day activity programs of individuals with the most significant disabilities. A second issue is the availability of long-term extended support for work activity. Without a reasonable expectation that extended support is available, ARS cannot implement SE plans. This goal is highly dependent on the role of others. Therefore, the strategies that follow include ARS assuming a lead role in starting conversations with all parties.

Goal: To identify strategies and resources to fully operate the ARS SE program as funded and authorized by Title VI of the Rehabilitation Act.

Strategies:

Significant improvement in provision of SE services is not entirely within the ability of ARS to achieve. Rather, ARS can be a catalyst in starting the discussion about system change in AR.

1. ARS will convene a meeting of CRPs, SE service providers and other appropriate partners to discuss strategies and issues around provision of SE services and job placement services.

2. ARS senior leadership will reach out to the state DD and MH agencies to discuss the current employment activities carried out by those agencies and study the possibility of developing options for more SE services and outcomes.

3. ARS senior leadership will study the current use of Medicaid waivers and/or Medicaid buy-in provisions in the provision and support of employment services.

4. ARS senior leadership will then analyze information provided through the meetings and information gathered in Strategies 1-3 above and develops a plan for improvement of SE services.

Methods of Evaluation:

1. Meetings and information collection related to Strategies 1-3 above will be completed and the information obtained will be summarized by December 31, 2007. Information will be collected from service providers, DD and MH agencies, and Medicaid agencies.

2. The plan for improvement of SE services will be completed no later than July 1, 2008. The plan will contain specific steps and specific performance targets.

TA:

- RSA will assist ARS in developing an effective statewide SE service system, as needed, through provision of contacts with other state VR agencies that have a system similar to that desired by ARS.

- RSA will provide assistance with performance-based contracts, other funding mechanisms, and other aspects of establishing, monitoring and supporting such a system, as needed and depending upon the type of system desired by ARS.

- RSA will assist in researching national uses of Medicaid waivers to support extended SE services.

3. Resource Allocation and Quality Service Provision

Issue: The issue of the quality of ARSs' service provision was identified by RSA as essentially one of improving on the results found in the FY 2004 monitoring report.

These results included six findings and three recommendations related to the service record review section and several findings related to policies. For purposes of this discussion, the issues are related to timeliness, thorough assessment and individualized plan for employment (IPE) development, lack of contact, limits on service provision, and the practice of "negotiating" individual participation in the cost of rehabilitation plans in excess of the amount required by the ARS financial need policy. ARS is addressing the findings specifically as part of the CAP related to the FY 2004 monitoring report. Corrective actions taken to date include training, supervision, quality assurance reviews, and policy changes.

While specific issues are being addressed through the CAP, issues of counselor staffing, caseload sizes, and availability of case service dollars also appear to be underlying factors that contributed to most of the case practice problems and policy issues.

Counselor caseload size is one significant contributor to the performance issues identified in FY 2004. Data provided by ARS indicated that counselor caseloads in FY 2005 were relatively large, averaging about 200 cases with a high of one caseload reaching 400 individuals served. Counselor caseloads may be too high in part because of resource allocation decisions that result in a staffing pattern in which the agency has relatively few caseload-carrying counselors. Only 18.9 percent of the ARS staff in FY 2005 were categorized as counseling and guidance staff, compared to 46 percent to almost 55 percent for three comparison state agencies, and a national average of 42.5 percent. In that year, ARS reported 475 total FTEs, a total larger than all comparison states. See the table below.

Table 4
FY 2005 Staffing Breakdown: Percent of Agency Total

Staff Category	ARS	OK (C)	MINN (G)	OR (G)
Administration	12.8%	20.9%	9.9%	6.6%
Counseling	18.9%	46.7%	52.6%	54.9%
Support Staff	68.2%	32.5%	27.6%	38.5%
Other	0%	0%	9.9%	0%
Total percent	99.9%	100%	100%	100.1%
Total staff	475	388	344	213

Putting more counselors into the field with somewhat reduced caseloads and more realistic performance expectations may help improve contacts, reduce unsuccessful employment outcomes, and improve the quality of the assessment, plan development, and service provision processes.

Interviews with ARS staff suggest that case service dollars are also perceived to be in short supply. The perception of a shortage of case service dollars has contributed to situations in which staff in some areas of the state "negotiate" consumer financial participation in the cost of the rehabilitation plan beyond what is required by the ARS financial need policy.

In short, the current pattern of resource allocation in ARS significantly reduces the capacity of the VR services program by placing too few counselors in the field, having high caseload and high employment outcome expectations, and providing too little money to meet the costs of the large VR caseloads.

RSA advised ARS that the agency could dramatically reduce counselor casework problems, provide more services to consumers, and improve the system of job placement and job supports by reviewing its current use of resources and considering whether additional caseload-carrying counselors and case service dollars can be put into the field. If feasible, and done in tandem with somewhat reduced performance expectations for individual counselors, ARS could maintain and perhaps increase the number of individuals served while reducing large caseloads that have contributed to casework problems. Likewise, ARS should assess what funds could be made available for any alternative approaches to job placement and SE that may arise through other activities recommended in this report.

Decisions about resource allocation should begin with a thorough review of all current expenditures. Such a review cannot avoid considering the approximately one-third of the ARS budget that supports the Hot Springs Rehabilitation Center. Consideration should be given to what activities at the Center need to be retained at a central location, what programs duplicate services that exist in the community, and which services should be centralized.

The Center should not be the only focus of the review. All programs and all positions should be carefully considered in light of current needs. For example, the review of the ARIB contract discussed above might lead to the conclusion that there is a need to develop a more community-based nonprofit model, freeing up some money either to implement a new model or to provide case service dollars with which to purchase job placement services on a fee-for-service basis.

Goal: To improve the quality of service provision through resource allocation.

Strategy: ARS will conduct a thorough review of all expenditures to determine what resources are being appropriately used, which resources should be made available for alternative uses, and what those alternative uses should be.

Method of Evaluation: By July 1, 2008, ARS will complete a resource allocation plan that will identify the strategic use of resources for ARS. The plan should identify the overall projected future use of all resources, and assuming that some resource shifts are proposed, identify areas where resources can be reallocated, specifying the timeframes and steps necessary to make those resources available, and identify the purposes for which the resources would be put. The plan should specify measurable expectations both for implementation of the resource shifts and the improvements in quality and performance that are expected as a result of any new activities.

TA:

- RSA will provide data to assist ARS in the process of identifying areas of resource need, such as information about caseload size and expenditures, and other information from the RSA national databases.

- RSA will provide assistance with performance-based contracts, other funding mechanisms, and other aspects of establishing, monitoring, and supporting new service systems, as needed and depending upon the type of system desired by ARS.

4. Effective and Independent SRC

Issue: The ARS management team, the SRC chairperson, and ARS stakeholders report that the current SRC is not able to fully carry out the roles and responsibilities of the SRC. During the FY 2006 AR information visit, RSA staff met with the SRC chairperson. He reported that SRC meetings are scheduled regularly. However, there are not enough members in attendance at these meetings to have a quorum in order to carry out business. RSA was also informed that most members, including the chairperson, did not have a clear understanding of their roles and responsibilities as required under Section 105 of the Act. In response to this interview, RSA provided the SRC chairperson guidance and the RSA SRC training module to be shared with council members. In May 2007, during the on-site monitoring visit, RSA staff interviewed the SRC chairperson. Once again, RSA was informed that Council members are not available to participate in meetings, and many members do not have a clear understanding of their roles and responsibilities. Throughout the FY 2007 monitoring review, ARS staff commented that the SRC is not fully functional, and it has been difficult to obtain full membership of the SRC.

Based on information gathered during stakeholder teleconferences, interviews with the chairperson over the last two years, and discussions with ARS staff, RSA recommends that the ARS staff and SRC members seek consistent TA and support to obtain an effective council that will meet the requirements of Section 105 of the Act.

Goal: To develop the SRC's ability to carry out its mandated functions in an effective and independent manner.
Strategies:

1. Submit a SRC membership list with contact information to RSA by September 30, 2007, to inform RSA of the SRC's current membership composition.

2. Provide a pool of SRC nominees to the Governor's office.

3. Work with the Governor's office to ensure that appointments are current and in compliance with the composition requirements under Section 105 of the Act.

4. Implement a committee structure to carry out the required SRC functions.

5. Independently and promptly develop the FY 2005 and FY 2006 SRC progress reports and submit to RSA, and ensure that all other reports will be submitted on time.

Methods of Evaluation: RSA and ARS will measure progress on this goal based on the following actions:

1. Appointments to the SRC will be current by December 31, 2007.

2. The SRC FY 2007 annual report will be submitted by December 31, 2007.

3. Council members will evaluate and rate individual SRC meetings for meaningful involvement and impact related to SRC responsibilities. Baseline performance levels will be developed for this indicator during FY 2008.

4. The Council will approve formal SRC operational guidelines.

TA:

RSA will provide the following TA resources to support ARS and the SRC in achieving progress on this goal:

- quarterly teleconferences will be conducted by the SRC and facilitated by RSA to identify solutions to challenges faced by the SRC and to learn more about specific topics of interest;

- review on a regular basis the SRC training that describes the historical development of the SRCs and their mandated functions, including representation from the Governor's office; and

- participate in regular or special meetings of the SRC in response to requests for specific TA.

VR and SE Compliance Issues, Goals, Strategies, Methods of Evaluation, and TA

RSA identified and discussed the following compliance goal with ARS staff. Strategies to achieve this goal, methods of evaluation to determine that the compliance issue has been resolved, and TA that RSA would provide to assist ARS achieve the goal are cited below. This goal, strategies, and methods of evaluation constitute ARS' CAP to address this compliance issue.

Compliance Topic: Failure of the SRC to submit its annual reports as required by the Rehabilitation Act and implementing regulations at 34 CFR 361.17(h)(5)

Issue: The requirements of the SRC are established in Section 105 of the Act and 34 CFR 361.16 and 361.17 of its implementing regulations. The SRC gives advice to and works in partnership with the VR agency. Specifically, RSA has expressed concern regarding compliance with 34 CFR 361.17(h)(5) that states:

> Prepare and submit to the Governor and to the Secretary no later than 90 days after the end of the federal fiscal year an annual report on the status of VR programs operated within the state and make the report available to the public through appropriate modes of communication.

After repeated requests, both written and verbal, for the annual SRC progress reports, ARS provided numerous verbal assurances that the report(s) is forthcoming. To date, ARS and the SRC have not submitted the required report for FY 2005 and FY 2006. The SRC annual report is to be made available to the public as well.

Goal: To submit required documents, especially the SRC annual report, to RSA without prompting from RSA staff and in a timely manner.

Strategies:

1. Consult with RSA to develop a schedule of required annual documents.

2. Institute a fully functional SRC as described in Performance Goal number 4.

3. Submit CAP to resolve reporting issue(s).

Methods of Evaluation:

1. FY 2005 and 2006 SRC reports will be submitted by September 30, 2007.

2. FY 2007 SRC report will be submitted prior to December 30, 2007.

TA:

- RSA will assist ARS in the development of a schedule for reporting required documents.

- RSA will monitor ARS CAP to ensure compliance.

- RSA will carry out TA activities as stated in Performance Goal number 4.

- RSA will provide TA resources on effective models or strategies for establishing an effective and independent SRC.

VR and SE Recommendations

RSA recommends that ARS establish goals and strategies to address the following VR and SE issues:

1. Continuous Transition Improvement Efforts

   Based on overall program review and RSA reporting data analysis, ARS is reaching out to transitioning youths with disabilities and obtaining employment outcomes for transition age individuals. ARS served five percent more transition-age individuals than the national average, and obtained employment for eight percent more transition-age individuals than the national average (FY 2005 data).

   RSA recommends that ARS continue its effort to develop and implement a statewide transition initiative that reaches all school districts and results in more referrals of students with disabilities, including those individuals with IEPs.

2. Expansion of Quality Assurance Work

   RSA acknowledges the comprehensive ARS service record review system that has been implemented by the ARS quality assurance team. Unlike many VR programs, ARS has a team of specialized staff with dedicated staff positions to provide: (a) ongoing training to ARS staff with a particular focus on training needs of the VR counselor; (b) a structured review process of service record documentation to ensure compliance with federal and state requirements; and (c) overall responsibility of quality VR service delivery to consumers.

   The work of this team resulted in well-organized service records, as observed during the FY 2007 on-site monitoring visit, and contributed to improvement of service record documentation issues identified as findings in the FY 2005 RSA monitoring report. RSA looks forward to learning about the results of the next ARS statewide service record review that will include a minimum 125 service records of individuals that applied for VR services after October 2006.

   Based on the success of the ARS quality assurance team, RSA recommends that ARS expand its scope of responsibility to incorporate efforts to advance the overall vision and leadership of ARS.

   It is further recommended that ARS broaden its scope of work to examine quality assurance related to CRP performance, ARIB contracts, and other purchased services provided by vendors.

3. Expansion of SE Services

   Both state VR agencies, ARS and DSB, offer limited SE services to individuals with the most significant disabilities. ARS and DSB reported that there were few providers of SE services. RSA strongly recommends that joint efforts be made by the VR agencies to assess the state's capacity to expand SE services and to

collaborate with necessary service providers to increase SE opportunities for eligible VR consumers.

4. Increase Efforts to Obtain Program Income Through More Social Security Reimbursements

RSA recommends that ARS continue to administer effective practices to use Social Security reimbursement funds to increase program income.

<u>VR and SE Issues for Further Review</u>

RSA plans on conducting further review of the following VR and SE issues:

- The RSA FY 2005 monitoring review and AR state auditor reports, including a letter and telephone conversations, revealed that ARS is not accurately reporting unsuccessful employment outcomes. As reported by ARS VR counselors during monitoring reviews, as noted in state auditor reports, and as evidenced during RSA service record reviews, VR counselors cannot close consumer service records as unsuccessful until an official notice is granted by ARS senior management, regardless of the degree of the consumer's lack of participation in the VR program. It appears that ARS is managing the number of unsuccessful closures to maintain an acceptable rehabilitation rate.

  Based on the auditor's correspondence, interviews with VR counselors, and review of service records, RSA strongly recommends that ARS expedite its procedure to accurately report unsuccessful employment outcomes of individuals who receive VR services after the IPE is implemented. This procedure should include immediate actions to resolve the misrepresentation of individuals participating in the VR program. ARS case management reports should reflect an accurate representation of individuals participating or not participating in the VR service delivery system.

  Recommendation: ARS implement an efficient strategy to maintain or increase employment outcomes and, at the same time, provide accurate reports of individuals participating or not participating in the VR program.

- The formal interagency agreement between ARS and the state educational agency should be current and meet federal requirements regarding transition services for students with disabilities.

Chapter 3: Arkansas Rehabilitation Services: Fiscal Review

RSA reviewed ARS' fiscal management of the VR program. During the review process RSA provided TA to the state agency to improve its fiscal management and identified areas for improvement. RSA reviewed the general effectiveness of the agency's cost and financial controls, internal processes for the expenditure of funds, use of appropriate accounting practices, and financial management systems.

The data in the following table, taken from fiscal reports submitted by the state agencies, speak to the overall fiscal performance of the agency. The data related to matching requirements are taken from the fourth quarter of the respective fiscal year's SF-269 report. The maintenance of effort (MOE) requirement data are taken from the final SF-269 report of the fiscal year (two years prior to the fiscal year to which it is compared). Fiscal data related to administration, total expenditures, and administrative cost percentage are taken from the RSA-2.

Table 5
Fiscal Data for ARS for FY 2002 through FY 2006

ARS					
Fiscal Year	**2002**	**2003**	**2004**	**2005**	**2006**
Grant Amount	27,814,395	28,503,249	29,718,062	29,691,981	30,872,284
Required Match	7,527,911	7,714,348	8,043,135	8,036,076	8,355,523
Federal Expenditures	26,385,150	24,374,518	25,431,040	26,749,458	28,699,615
Actual Match	9,437,403	9,383,280	9,437,403	9,383,280	9,437,403
Over (Under) Match	1,909,492	1,668,932	1,394,268	1,347,204	1,081,880
Carryover	1,429,245	4,128,731	4,287,022	2,942,523	2,172,669
Program Income	2,787,685	2,329,983	1,209,991	1,626,640	1,815,259
Maintenance of Effort (MOE)	9,437,403	9,383,280	9,437,403	9,383,280	9,437,403
Administrative Costs	4,485,896	4,696,556	3,910,514	4,060,870	3,829,234
Total Expenditures	38,822,381	37,770,156	40,422,883	42,322,749	43,251,885
Percent Admin Costs to Total Expenditures	11.55%	12.43%	9.67%	9.60%	8.85%

Explanations Applicable to the Fiscal Profile Table

Grant Amount: The amounts shown represent the final award for each fiscal year, and reflect any adjustments for MOE penalties, reductions for grant funds voluntarily relinquished through the reallotment process, or additional grant funds received through the reallotment process.

Match (Non-Federal Expenditures): The non-federal share of expenditures in the VR program, other than for the construction of a facility related to a CRP, was established in the 1992 Amendments to the Rehabilitation Act at 21.3 percent. As such, a minimum of 21.3 percent of the total allowable program costs charged to each year's grant must come from non-federal expenditures from allowable sources as defined in program and administrative regulations governing the VR Program (34 CFR 361.60(a) and (b); 34 CFR 80.24).

In reviewing compliance with this requirement, RSA examined the appropriateness of the sources of funds used as match in the VR Program, the amount of funds used as match from appropriate sources, and the projected amount of state appropriated funds available for match in each federal fiscal year. The accuracy of expenditure information previously reported in financial and program reports submitted to RSA was also reviewed.

Carryover: Federal funds appropriated for a fiscal year remain available for obligation in the succeeding fiscal year only to the extent that the VR agency met the matching requirement for those federal funds by September 30 of the year of appropriation (34 CFR 361.64(b)). Either expending or obligating the non-federal share of program expenditures by this deadline may meet this carryover requirement.

In reviewing compliance with the carryover requirement, RSA examined documentation supporting expenditure and unliquidated obligation information previously reported to RSA to substantiate the extent to which the state was entitled to use any federal funds remaining at the end of the fiscal year for which the funds were appropriated.

Program Income: Program income means gross income received by the state that is directly generated by an activity supported under a federal grant program. Sources of state VR program income include, but are not limited to, payments from the Social Security Administration for rehabilitating Social Security beneficiaries, payments received from workers' compensation funds, fees for services to defray part or all of the costs of services provided to particular individuals, and income generated by a state-operated CRP. Program income earned (received) in one fiscal year can be carried over and obligated in the following fiscal year regardless of whether the agency carries over federal grant funds. Grantees may also transfer program income received from the Social Security Administration for rehabilitating Social Security beneficiaries to other formula programs funded under the Act to expand services under these programs.

In reviewing program income, RSA analyzed the total amount (as compared to the total percentage of income earned by all VR agencies and comparable/like VR agencies), sources, and use of generated income.

Maintenance of Effort (MOE): The 1992 Amendments revised the requirements in Section 111(a)(2)(B)(ii) of the Act with respect to MOE provisions. Effective federal FY 1993 and each federal fiscal year thereafter, the MOE level is based on state expenditures under the Title I state plan from non-federal sources for the federal fiscal year two years earlier. States must meet this prior year expenditure level to avoid

monetary sanctions outlined in 34 CFR 361.62(a)(1). The match and MOE requirements are two separate requirements. Each must be met by the state.

In reviewing compliance with this requirement, RSA examined documentation supporting fiscal year-end and final non-federal expenditures previously reported for each grant year.

<u>Administrative Costs</u>: Administrative costs means expenditures incurred in the performance of administrative functions including expenses related to program planning, development, monitoring, and evaluation. More detail related to expenditures that should be classified as administrative costs is found in VR Program regulations at 34 CFR 361.5(b)(2).

<u>Provision of TA to the VR and SE Programs During the Review Process</u>

RSA provided fiscal TA to ARS during the review process. RSA:

- provided a synopsis of each requirement and reviewed with financial staff RSA's assessment of the agency's compliance with specific financial requirements – match, MOE, carryover, reallotment, program income, liquidation of outstanding obligations, and grant closeout;

- reviewed organizational structure and total agency budget and staff charges to each program administered by ARS, including the Hot Springs Rehabilitation Center;

- discussed with state auditors the basis for one of twelve areas questioned in finding # 5-520-01 (Single Audit for the year ending June 30, 2005):

  In a repeat finding, auditors are citing ARS for not obtaining invoices for services authorized and approved for payment in 23 case records reviewed. It has been a long-standing practice of ARS to use the authorization form also as the payment invoice if the vendor signs this form and the payment amount are also filled in before submission for payment. Across the nation, the client services authorization form is commonly referred to as an "A & I" because it is used for both purposes. As explained to staff during the on-site review, while this continues to be a common practice, VR agencies must adhere to state internal control procedures prescribed by state auditors. At the conclusion of this discussion, ARS indicated that steps were being taken to comply with the auditors' recommendation;

- reviewed sources of program income and ARS' process for submitting claims for reimbursement to the Social Security Administration and advantages to increasing efforts in this area to generate additional income for allowable program activities;

- discussed the expansion of the financial manager's role and responsibilities as VR agency's focus on improving program performance – tracking and disseminating timely financial information related to available financial resources and the agency's adherence to VR program financial requirements; analyzing expenditure patterns and forecasting service delivery costs; determining the need to go on an OOS; and opening and closing categories;

- began initial review of contracts with CRP providers. RSA also provided TA related to federal contracting requirements, measurable deliverables, and contractor performance assessment;

- reviewed with staff the procedures used to verify reported financial information and the requirements for reporting on a cash basis (Financial Status Reports);

- reviewed and approved SE Program Financial Status Reports for FYs 2004, 2005 and 2006; and

- reviewed sources of funds used as match in the VR Program and completed and approved RSA's internal Sources of Match reports for FYs 2005 and 2006.

VR and SE Performance Issue, Goal, Strategies, and TA

Audit Resolution

Issue: Eight findings, with multiple issues under each, remain unresolved from state FYs 2004 and 2005 Single Audits.

Goal: Resolve all outstanding audit findings from FYs 2004 and 2005.

Strategies:

1. ARS will develop internal policies/procedures outlining responsibilities and timetables for audit resolution and follow-up activities.

2. After review of outstanding findings from both audits, ARS will meet with RSA to provide an update on the corrective actions taken and/or planned by ARS to resolve each audit finding. In findings where corrective action has not been completed, the agency will provide a timetable with target dates for expected completion.

3. As a follow-up to this meeting, ARS will provide RSA written confirmation of all audit resolution activities related to each of these findings. This includes corrective action taken, planned corrective action, and timetables for completing actions.

4. As requested, ARS will provide periodic updates to RSA related to the completion of corrective actions and audit follow-up activities.

TA: RSA will provide technical assistance throughout this process to resolve all outstanding audit findings by December 31, 2007.

VR and SE Recommendations

- ARS financial and program staff should identify all Innovation and Expansion (I & E) activities each fiscal year and ensure that mechanisms are in place to track all expenditures associated with these activities for reporting on the SF-269 and RSA-2.

- As ARS implements strategies to improve program performance, financial staff should initiate discussions with program staff to identify the type, frequency, and format for financial information/reports that are necessary to achieve and monitor progress toward achieving these performance goals.

VR and SE Issues for Further Review

RSA will continue monitoring activities throughout FY 2008 to address each of the following:

- Procurement/Contract Management – continue review of ARS' contractual arrangements by focusing on measurable deliverables, payment terms, and assessment of contractor performance;

- verify compliance with the time distribution requirements in OMB Circular A-87; salary costs (including fringe benefits and overhead costs) of individuals working on more than one grant program or cost objective being appropriately charged to the benefiting programs;

- Development of strategies to increase program income; and

- Verify use of SE program funds.

Chapter 4: Division of Services for the Blind: Vocational Rehabilitation and Supported Employment Programs

Program Organization

DSB offers a variety of services to individuals with blindness and severe visual impairments. The services provided have distinct eligibility requirements based upon the severity of visual impairment and its affect upon an individual's employment opportunities or ability to function independently. Basically, if (1) an individual cannot read standard print regardless of corrective lenses; (2) his/her visual acuity is less than 20/200 in the better eye, or (3) his/her useful vision is rapidly deteriorating, the individual may be eligible for DSB services. DSB programs include the VR services program, the Arkansas Radio Reading Services for the Blind, Rehabilitation Teaching Services, and the Vending Facility Program. DSB has a history of passing RSA required performance standards and indicators.

Table 6 provides fiscal and program data for FY 2002 through FY 2006. These data provide an overview of the VR program's costs, outcomes, and efficiency. The table identifies the amount of funds used by the agency, the number of individuals who applied, and the number who received services. It also provides information about the quality of the agency's employment outcomes and its transition services.

Table 6
DSB Program Highlights FY 2002 – 2006

ARKANSAS	2002	2003	2004	2005	2006
Total funds used	$5,364,512	$5,469,362	$5,333,799	$5,323,642	$5,256,150
Individuals served during year	969	980	1,030	1,119	1,178
Applicants	618	557	543	635	586
Closed after receiving services	391	390	409	415	425
Closed with employment outcomes	325	335	338	344	344
Employment outcomes without supports in an integrated setting	213	226	255	220	238
Average cost per individual served	$5,536.13	$5,580.98	$5,178.45	$4,757.50	$4,461.93
Average cost per employment outcome	$16,506.19	$16,326.45	$15,780.47	$15,475.70	$15,279.51

Table 6 Continued
DSB Program Highlights FY 2002 – 2006

ARKANSAS	2002	2003	2004	2005	2006
Employment outcomes per $million spent	60.58	61.25	63.37	64.62	65.45
Competitive employment outcomes per $million spent	38.21	44.98	49.87	42.64	50.23
Average hourly earnings for paid employment outcomes	$8.51	$9.14	$9.00	$9.33	$9.18
Average state hourly earnings	$13.50	$13.89	$14.31	$14.97	$15.44
Average hours worked per week for paid employment outcomes	34.83	34.66	34.73	35.88	34.76
Percent of transition age served to total served	8.44	8.97	10.76	8.67	8.71
Employment rate for transition age served	57.58	57.14	56.82	52.78	40.54
Average time between application and closure (in months) for individuals with successful paid employment outcomes	21.80	18.40	21.00	20.30	18.40
Average number of individuals served per total staff	14.91	18.15	19.07	19.98	21.81

Table 7
DSB Trend Data
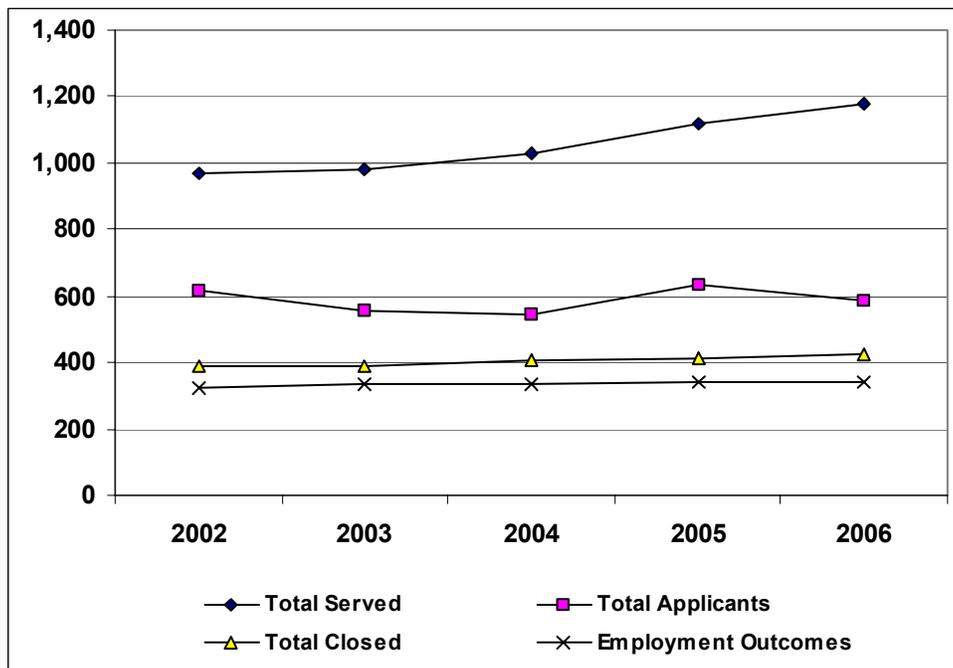
Provision of Technical Assistance to VR and SE Programs During the Review Process

RSA provided technical assistance to DSB in a number of VR and SE program areas during the review process. RSA:

- verified the agency's RSA 911 service record data for FY 2004, FY 2005, and FY 2006;

  The RSA-911 verification process consisted of using a custom computer application to compare the data reported on the RSA-911 Case Service Report submitted to RSA by the DSB to the data obtained by reviewing the actual service records on site. The RSA on site monitoring team looked at 42 data elements reported on the RSA-911 Case Service Report. The 42 data elements included the date of application, gender, date of birth, race, ethnicity, source of referral, impairment code and cause of impairment for both primary and secondary impairments, weekly earning at application and closure, hours worked in a week at application and closure, primary source of support at application and closure, level of education attained at application and closure, employment status at application and closure, type of public support at application and closure, date of eligibility determination, date of individualized plan for employment, date of closure, and type of closure.

The RSA on site monitoring team reviewed 37 total service records. Thirteen of the records were closed in FY 2006; ten were closed with successful employment outcomes and three were closed unsuccessfully. Twelve of the records were closed in FY 2005; ten were closed with successful employment outcomes and two were closed unsuccessfully. Twelve of the records were closed in FY 2004; eight were closed with successful employment outcomes, two were closed unsuccessfully, and two were closed as applicants. The accuracy rate was 92.3% for FY 2006, 94.1% for FY 2005 and for 91.7% FY 2004.

- provided feedback to the agency on its case management system;
- provided training on how to use RSA's Management Information System (MIS);

  Other activities included demonstrating the RSA MIS (Management Information System). The demonstration included how to locate the RSA-113/RSA-2 monitoring tables, RSA-911 monitoring tables, the standard and indicators, agency report cards, and the underlying report card tables. The team also showed the agency how to do ad hoc queries on the MIS to obtain information about their agency, and/or compare and contrast their agency against other similar agencies. Additionally the DSB demonstrated their case management system.

- provided consultation to key individuals, including DSB board members, and DSB staff regarding the focus of VR services to support employment outcomes in the community;
- conducted a targeted service record review;
- visited both rural and urban VR field offices;
- conducted an information exchange forum with an employer and VR consumer at the job site; and
- provided specific one-on–one fiscal management guidance.

Promising VR and SE Practices Identified by DSB and Stakeholders During the Review Process

RSA's review process solicited input from DSB and Stakeholders about effective practices. The stakeholders identified the following practice:

Use of Blind Services Information System (BSIS)

RSA staff participated in a demonstration of the DSB's case management and information system. Front line and management DSB staff described this information system as one of the most useful and efficient tools in the daily operations of DSB. BSIS has the capacity to track all consumer case management and procurement activities with critical points of the system earmarked for review.

VR and SE Issues Identified by Stakeholders During the Review Process

RSA's review process solicited input from stakeholders about VR and SE performance and compliance issues. The following issues were identified:

Counselor workload assessment

Stakeholders suggest that RSA review workload issues for possible improvement in service delivery. VR counselors are not able to maintain consistent contact with consumers on a regular basis. Stakeholders indicated that DSB needs more staff to address this issue.

Job Placement and Employment

There was general agreement among the stakeholders that DSB needs to increase their efforts to provide more job opportunities and employment outcomes for consumers. Transportation was discussed as a major barrier to employment. Also, many individuals with a visual impairment take lower paying jobs that do not affect their substantial gainful activity (SGA) level so that they can maintain their monetary and medical benefits. It helps to have a benefits specialist in the office.

Workforce Investment Board (WIB)

There was a concern expressed that the WIB boards and programs may not operate the same in the local areas as they do in other areas in the state. The composition of board members varies and issues raised by the community are addressed according to the interest of the board members.

Following compilation and discussion with DSB about these issues, RSA worked with DSB to address as many of these issues as possible either directly or by consolidating the issue into broader issue area.

VR and SE Performance Issues, Goals, Strategies, Methods of Evaluation, and TA

RSA and DSB agreed on the following performance goals; strategies to achieve those goals, methods of evaluation, and TA that RSA would provide to assist DSB achieve each goal. These goals and strategies will be considered for inclusion in DSB's FY 2009 state plan, and if they are included, progress on achieving these goals will be reported in DSB's FY 2011 annual state plan submission.

1. Integrated employment outcomes

Issue: AR DSB assisted 344 individuals to achieve employment outcomes in FY 2005. This number is high compared to other blind agencies, taking into consideration resources available and state population. For example, DSB achieved 124 employment outcomes per million state populations compared to an average of 57 for all agencies serving individuals with blindness and visual impairment. Likewise, DSB achieved 65

employment outcomes per million dollars spent compared to an average of 29 for agencies serving individuals with blindness and visual impairment.

However, almost 32 percent of the employment outcomes reported by DSB were homemakers and another 1.45 percent was unpaid family workers. As a result, one-third of the employment outcomes reported by DSB were closed without any earned income. While homemaker and unpaid family worker outcomes are still allowable types of employment outcomes and this result does not imply any compliance issue on the part of DSB, the primary purpose of the VR program is to assist individuals with disabilities to achieve employment in integrated settings with earnings at or above the minimum wage. Many agencies for the blind have shifted their program to work toward only jobs in integrated settings.

DSB has not adopted a policy of serving no homemakers with Title I funds, but the agency has recognized that the agency should shift resources toward the achievement of competitive employment. Currently, the DSB goal is to reduce homemaker employment outcomes from about 32 percent to 20 percent in FY 2007.

Goal: To reduce the number of homemaker outcomes that DSB achieves using Title I funds.

Strategy: DSB has implemented counselor performance standards that limit the percentage of homemaker employment outcomes served with Title I funds to 20 percent for FY 2007. Consumers needing IL part B services or IL services for older blind individuals will be referred to those programs rather than being served through the VR program.

Method of evaluation: Individual caseloads will be monitored to see that the percentage of employment outcomes reported as homemaker outcomes does not exceed 20 percent. Efforts to be certain that no counselor's caseload exceeds 20 percent homemaker outcomes will assure that the agency as a whole will not exceed 20 percent homemaker outcomes.

This policy was in effect at the time of the review; therefore, the first opportunity to measure the success of this policy will be the percentage of all employment outcomes reported as homemaker outcomes on the FY 2007 RSA-911 submission.

TA: RSA will provide TA resources to DSB in the area of data analysis to enable DSB to evaluate the factors contributing to homemaker closures.

2. Fully operating SE program

Issue: AR DSB indicates that they provide minimal SE services. DSB data shows that for FY 2005, DSB reported only one SE closure. The most common reason given by DSB staff is the difficulty in finding vendors familiar with, or willing to become familiar with, blindness and visual impairment when these conditions occur in addition to other

disabilities. This is a concern for many agencies for the blind. In addition, the lack of a SE system in general (as discussed in the VR and SE section pertaining to ARS) also impacts DSB. With regard to the general systems problems, strategies listed below include participating jointly with ARS in the same systems building discussions, information gathering, and SE systems planning.

In addition, there are activities that DSB needs to conduct that are relevant specifically to the blind and visually impaired population. It was reported that individuals with blindness and visual impairments in combination with other disabilities, such as cognitive impairment, reside in Developmental Disability (DD) centers in AR. Interviews with DSB staff, AR School for the Blind, and other stakeholders noted a need to reach out to these individuals. DSB should increase outreach efforts to serve this population of individuals with the most significant disability to increase their community involvement.

Goal: To identify strategies and resources to fully operate the SE program as funded and authorized by Title VI of the Act.

Strategies: Significant improvement in provision of SE services is not entirely within the ability of DSB to achieve. Rather, DSB can play a catalyst role in starting the discussion about system change in AR.

1. DSB will coordinate with ARS to meet with CRPs and SE service providers to discuss barriers and issues around provision of SE services and job placement services. DSB will need to be especially mindful of the need either to identify an existing SE vendor or identify an existing DSB vendor who has interest in developing SE services for DSB consumers, and then ensure their participation in joint activities.

2. DSB senior leadership will reach out to the state DD and MH agencies to discuss the current employment activities carried out by those agencies and study the possibility of developing options for more SE services and outcomes for DSB consumers. DSB needs to be particularly mindful of the issues raised related to eligibility for employment services and current day activities for individuals with blindness and low vision and other disabling conditions served by the DD and MH systems.

3. DSB senior leadership will study the current use of Medicaid waivers and/or Medicaid buy-in provisions in the provision and support of employment services. DSB needs to be particularly mindful of Medicaid waiver eligibility provisions that might exclude some DSB consumers.

4. In contacts with the state developmental disabilities and MH agencies, DSB should identify the number of individuals with low vision and blindness served in each system, determine in what activities potential DSB consumers are currently engaged, and discuss the potential for SE and/or other work activity for this population.

5. DSB senior leadership will then analyze information provided through the meetings and information gathered in Strategies 1 - 4 above and develops a plan for improvement of SE services.

Methods of Evaluation:

1. Meetings and information collection related to Strategies 1 - 4 above will be completed and the information obtained will be summarized by December 31, 2007. DSB will meet with and collect information from service providers, DD and MH agencies, and Medicaid agencies and estimate the potential population in need of SE services.

2. The plan for improvement of SE services will be completed no later than July 1, 2008. The plan will contain specific steps and specific performance targets.

TA: RSA will provide TA resources to assist DSB to identify effective models of SE service provision.

<u>3. Balance of funds and provision of individualized VR services to meet consumer needs</u>

Issue: RSA's financial status reports brought attention to the significant growth of financial resources reported by DSB during FYs 2005 and 2006. At this same time, DSB staff repeatedly reported a need for increased monetary resources to provide VR and SE services to eligible DSB consumers.

In FY 2006, DSB received $4,114,176 in federal grant funds, a 1.9 percent increase over the FY 2005 allotment. The latest FY 2006 report submitted by DSB showed matching expenditures of $1,701,685. Assuming that there were no changes to the reported expenditures, at the time of the submission of the final report for FY 2006, the VR program-matching requirement will be met.

To carryover unused federal funds and use them for allowable program costs in the next year, the matching requirement for these funds must be met by September 30. DSB met this requirement for all federal funds available to be carried over from FYs 2003, 2004, 2005, and 2006. In 2006, specifically, the agency carried over $1,572,562, which equates to 38.22 percent of VR services program allotment for that year.

DSB's carryover has increased from 16.90 percent of the FY 2003 VR program allotment to 29.30 percent in FY 2005 and 38.22 percent in FY 2006. During the three-year period for which national data was available (FY 2003-2005), the percent of funds carried over by all VR agencies and agencies for the blind increased slightly, but did not exceed 13.83 percent.

In 2006, DSB received $36,000 in SE program funds. This represents a decrease of $1,654 or 4.39 percent over the FY 2005 allotment.

In regard to DSB's overall provision of services to eligible consumers, FY 2005 data revealed that the average cost per employment outcome for DSB was $15,476 and the average cost per individual served was $4,758.

DSB has implemented an OOS with no closed categories. FY 2005 data indicates that DSB served 1,119 individuals. For FYs 2004 through 2006, no individuals were placed on the waiting list for services. This raises the following concerns or questions:

1. Is DSB serving all potential consumers and/or eligible consumers with available resources?
2. Are VR counselors able to provide individualized and necessary VR services for consumers to achieve their employment outcome?
3. Does DSB have sufficient resources? And if so, should DSB consider releasing funds through the reallotment process?

Goal: To analyze the financial requirements of DSB's VR program with specific consideration given to using accumulated carryover funds to meet the individualized VR needs of eligible consumers.

Strategies:

1. DSB will critically evaluate and analyze the need for financial resources to support the provision of VR, IL, and SE services delivered in the field offices.

2. DSB will determine the need for program expansion activities.

3. DSB will prepare to release funds through the RSA reallotment process, if unable to spend appropriated dollars.

4. DSB will fully assess long-term spending practices, budget reporting and funds available for VR and SE services for potential consumers and eligible consumers.

Methods of Evaluation:

1. DSB will develop a spending plan by October 1, 2007.

2. DSB will implement a spending plan that integrates increased VR service provision to consumers and ensures efficient use of resources.

3. DSB's fiscal reporting will reflect a decrease in carry-over funds by December 2007.

TA: RSA will provide TA resources and fiscal guidance to assist DSB to formalize its spending plan.

<u>VR and SE Recommendations</u>

RSA recommends that DSB establish goals and strategies to address the following VR and SE issues:

1. Long Term Planning

   To research and implement long term strategic planning of DSB's overall agency operations and VR, SE, and IL programs.

<u>VR and SE Issues for Further Review</u>

RSA plans on conducting further review of the following VR and SE issues.

- As indicated in previous reports and noted during the RSA FY 2007 Monitoring review, the role and relationship between DSB and the AR Department of Workforce Education One Stop offices and the Workforce Investment Act (WIA) Board are unclear. DSB stakeholders and DSB staff report that WIA Board members and officials have excluded DSB representative(s) as partners to participate in the overall functions of the WIA board.

- Transition services to students with disabilities are offered to a small population of potentially eligible youths who are blind or visually impaired. Data analysis, observations, and discussions during the visit revealed that deliberate outreach efforts to provide transition services should be employed by DSB.

Chapter 5: Division of Services for the Blind: Fiscal Review

RSA reviewed DSB's fiscal management of the VR program. During the review process RSA provided TA to the state agency to improve its fiscal management and identified areas for improvement. RSA reviewed the general effectiveness of the agency's cost and financial controls, internal processes for the expenditure of funds, use of appropriate accounting practices, and financial management systems.

The data in the following table, taken from fiscal reports submitted by the state agencies, speak to the overall fiscal performance of the agency. The data related to matching requirements are taken from the fourth quarter of the respective fiscal year's SF-269 report. The MOE requirement data are taken from the final SF-269 report of the fiscal year (two years prior to the fiscal year to which it is compared). Fiscal data related to administration, total expenditures, and administrative cost percentage are taken from the RSA-2.

Table 8
Fiscal Data for DSB for FY 2002 through FY 2006

DBS					
Fiscal Year	**2002**	**2003**	**2004**	**2005**	**2006**
Grant Amount	3,757,220	3,820,598	3,967,030	4,037,619	4,114,176
Required Match	1,016,884	1,034,037	1,073,669	1,092,774	1,113,494
Federal Expenditures	3,636,850	3,174,769	3,032,355	2,854,591	2,541,614
Actual Match	1,607,292	1,611,835	1,655,622	1,669,085	1,691,985
Over (Under) Match	590,408	577,798	581,953	576,311	578,491
Carryover	120,370	645,829	934,675	1,183,028	1,572,562
Program Income	0	0	0	0	0
Maintenance of Effort (MOE)	1,606,143	1,613,888	1,607,292	1,611,835	1,655,622
Administrative Costs	1,010,403	705,156	765,070	633,446	679,368
Total Expenditures	5,364,512	5,469,362	5,333,799	5,323,642	5,256,150
Percent Admin Costs to Total Expenditures	18.83%	12.89%	14.34%	11.90%	12.93%

Explanations Applicable to the Fiscal Profile Table

Grant Amount: The amounts shown represent the final award for each fiscal year, and reflect any adjustments for MOE penalties, reductions for grant funds voluntarily relinquished through the reallotment process, or additional grant funds received through the reallotment process.

Match (Non-Federal Expenditures): The non-federal share of expenditures in the VR program, other than for the construction of a facility related to a community rehabilitation

program, was established in the 1992 Amendments to the Rehabilitation Act at 21.3 percent. As such, a minimum of 21.3 percent of the total allowable program costs charged to each year's grant must come from non-federal expenditures from allowable sources as defined in program and administrative regulations governing the VR Program (34 CFR 361.60(a) and (b); 34 CFR 80.24).

In reviewing compliance with this requirement, RSA examined the appropriateness of the sources of funds used as match in the VR Program, the amount of funds used as match from appropriate sources, and the projected amount of state appropriated funds available for match in each federal fiscal year. The accuracy of expenditure information previously reported in financial and program reports submitted to RSA was also reviewed.

Carryover: Federal funds appropriated for a fiscal year remain available for obligation in the succeeding fiscal year only to the extent that the VR agency met the matching requirement for those federal funds by September 30 of the year of appropriation (34 CFR 361.64(b)). Either expending or obligating the non-federal share of program expenditures by this deadline may meet this carryover requirement.

In reviewing compliance with the carryover requirement, RSA examined documentation supporting expenditure and unliquidated obligation information previously reported to RSA to substantiate the extent to which the state was entitled to use any federal funds remaining at the end of the fiscal year for which the funds were appropriated.

Program Income: Program income means gross income received by the state that is directly generated by an activity supported under a federal grant program. Sources of state VR program income include, but are not limited to, payments from the Social Security Administration for rehabilitating Social Security beneficiaries, payments received from workers' compensation funds, fees for services to defray part or all of the costs of services provided to particular individuals, and income generated by a state-operated CRPs. Program income earned (received) in one fiscal year can be carried over and obligated in the following fiscal year regardless of whether the agency carries over federal grant funds. Grantees may also transfer program income received from the Social Security Administration for rehabilitating Social Security beneficiaries to other formula programs funded under the Act to expand services under these programs.

In reviewing program income, RSA analyzed the total amount (as compared to the total percentage of income earned by all VR agencies and comparable/like VR agencies), sources, and use of generated income.

Maintenance of Effort (MOE): The 1992 Amendments revised the requirements in Section 111(a)(2)(B)(ii) of the Act with respect to MOE provisions. Effective federal FY 1993 and each federal fiscal year thereafter, the MOE level is based on state expenditures under the Title I state plan from non-federal sources for the federal fiscal year two years earlier. States must meet this prior year expenditure level to avoid monetary sanctions outlined in 34 CFR 361.62(a)(1). The match and MOE requirements are two separate requirements. Each must be met by the state.

In reviewing compliance with this requirement, RSA examined documentation supporting fiscal year-end and final non-federal expenditures previously reported for each grant year.

Administrative Costs: Administrative costs means expenditures incurred in the performance of administrative functions including expenses related to program planning, development, monitoring and evaluation. More detail related to expenditures that should be classified as administrative costs is found in VR Program regulations at 34 CFR 361.5(b)(2).

Provision of TA to the VR and SE Programs During the Review Process

RSA provided fiscal TA to DSB during the review process. RSA:

- provided a synopsis of each requirement and reviewed with financial staff RSA's assessment of the agency's compliance with specific financial requirements – match, MOE, carryover, reallotment, program income, liquidation of outstanding obligations, and grant closeout;

- discussed with staff the monetary impact of the agency's decision not to request additional federal funds each fiscal year through the reallotment process;

- reviewed agency's strategies for meeting program match and MOE requirements and requesting additional funds through the reallotment process. DSB receives sufficient state appropriations each year to meet the MOE requirement which is considerably higher than the match requirement, with no decrease to state funding levels projected for federal FY 2008;

- reviewed carryover trend data with staff and significant increase in federal funds available for carryover in the three year period from FY 2003 to FY 2006;

- reviewed and approved SE Program Financial Status Reports for FYs 2005 and 2006. Reminded staff that this report is an annual report and its submission reflects expenditures and obligations as of September 30 of each year. If an agency is submitting a final report, it should be submitted as of the ending date of the quarter in which all expenditures were made and all outstanding obligations liquidated;

- reviewed adequacy and sources of funds used as match in the VR Program and completed and approved RSA's internal Sources of Match reports for FYs 2005 and 2006;

- reviewed contractual arrangements with IL Centers utilizing VR Program resources. These arrangements are classified as subgrants, although structured more along the lines of a cost reimbursement contract. The legality of providing

services as outlined in the subgrant document and verified in monthly grantee performance reports is questionable under the VR program; and

- reviewed documentation supporting administrative costs reported on the RSA-2. DSB stated administrative costs are underreported and did not reflect salary costs of individuals with split responsibilities. Further, the agency's Rehabilitation Teachers (RTs) and the costs of providing orientation and mobility services were not reflected under "Other Services, Employed Elsewhere."

Promising VR and SE Practices Identified by DSB and Stakeholders During the Review Process

DSB receives sufficient state appropriated funds each year to essentially meet the match and considerably larger MOE requirement by June 30, which is the end of the state fiscal year. As a result, in the 4th quarter of the federal fiscal year, any additional funds requested and received through the reallotment process and unobligated federal funds available for carryover, are already matched and can be used for allowable program costs in the subsequent federal fiscal year.

VR and SE Fiscal Issues for Further Review

RSA will continue the monitoring review throughout FY 2008 to:

- review the allowability of expending VR Program funds for DSB's Radio/Reading Service;

- verify compliance with the time distribution requirements in OMB Circular A-87; salary costs (including fringe benefits and overhead costs) of individuals working on more than one grant program or cost objective being appropriately charged to benefiting programs;

- continue verification of the accuracy of the RSA-2 (Annual Vocational Rehabilitation Program/Cost Report); and

- review the legality of DSB's subgrants/contractual arrangements with IL centers using VR Program funds. No Social Security reimbursement funds are available to transfer to IL Program to cover the cost of these arrangements.

Chapter 6: Independent Living Program

Table 9
AR IL Sources and Amounts of Funding (FY 2006)

Sources	Amounts of Funding
Part B Funds	301,477
Older Blind	312,417
Other Federal Funds	307,339
State Funds	285,758
Local Government	0
Private/Other Funds	0
Total	1,206,991

Program Organization

The state of AR received $301,477 in Part B funds for its FY 2006 IL program. ARS provides IL services in AR both directly through its own state-administered program and through its support for the general operations of four CILs. ARS funds its IL activities through a combination of Part B federal funds and state matching funds. ARS also funds the AR SILC through federal I&E funds authorized under Section 101(a)(18) of the Act.

Provision of TA to the IL Program During the Review Process

RSA provided TA to ARS in a number of IL program areas during the review process, including:

- SILC membership and composition requirements;

- FY 2008 – 2010 SPIL development and evaluation, particularly regarding goals and objectives; and

- SILC and DSU roles and responsibilities.

The IL partners required TA regarding SPIL goals and objectives; outreach to unserved and underserved areas; the SPIL financial table and SILC resource plan; and the plan for evaluating the implementation of the SPIL. A constructive consultative process involving RSA, ARS, DSB and the SILC resulted in an improved SPIL with unified and comprehensive goals and objectives. In addition, ARS and the SILC actively involved the CILs in the SPIL development process and incorporated stakeholder input regarding de-institutionalization and the Hot Springs Rehabilitation Center (see below).

IL Issues Identified by ARS and Stakeholders During the Review Process

RSA's review process solicited input from ARS and stakeholders about IL performance and compliance issues. There was a strong representation of CIL directors and other IL stakeholders in the public input process. The following issues were identified.

- ARS provide greater support in the CILs nursing home transition (de-institutionalization) efforts. CIL directors complimented ARS on the formation of a housing work group and on its participation in other nursing home transition committees, but they would like to work with ARS to increase its home and community services in partnership with CILs.

- Greater opportunities for input in the development of the FY 2008 – 20010 SPIL.

- The Hot Springs Rehabilitation Center works more closely with CILs to provided CRC consumers with IL services such as IL skills training.

- More IL funding to reach the state's unserved/underserved areas (southwest and northeast), for example, through the establishment of a new CIL.

- All Part B funds, including those currently allocated for ARS-administered services, should be distributed to the CILs for the provision of IL services.

IL Performance Issues, Goals, Strategies, Methods of Evaluation, and TA

As a result of the review, ARS and the SILC agreed to work together with RSA on the following IL performance goals, including anticipated strategies, methods of evaluation, and RSA TA:

1. Enhanced SILC Leadership

Issue: After experiencing disruptions due to staff turnover in FY 2006, the SILC has a new executive director and new SILC members ready to serve. However, SILC members and staff require additional training and TA regarding IL program and board management issues. In addition, RSA found that IL partners did not have understanding of the SILC's statutory roles and responsibilities under Title VI of the Act.

Goal: To strengthen the capacity of the SILC to provide the IL leadership envisioned by Title VII of the Act.

Strategies:

- Training regarding the SILC's statutory roles and responsibilities, the IL philosophy as well as board development and management.

- Review and revision of SILC by-laws, policies and procedures, and promotional materials to ensure consistency with the SILC's roles and responsibilities, the IL philosophy, and effective board management principles.

- Establishment of a mechanism for periodically assessing the SILC's funding needs to ensure that the SILC resource plan includes the resources needed for the SILC's fulfillment of its statutory roles and responsibilities.

- Implementation and/or expansion of systems for tracking members' term dates and appointment status and for identifying and nominating prospective SILC members.

- Promoting greater attendance and involvement of members in SILC meetings and activities.

Methods of Evaluation:

- Complete the current review and revision of the SILC by-laws, policies, procedures and promotional materials, as needed, by September 30, 2007.

- Complete the development of a SILC capacity-building plan by September 30, 2007.

TA:

- Identify SILC self-assessment tools, sample SILC policies and procedures from other states, and available training or TA opportunities.

- Review draft revisions of SILC policies and by-laws.

2. IL program consistency with the IL philosophy

Issue: RSA's review of the IL program's policies and consumer service records, as well as interviews with ARS counselors, suggest that the state's administration of direct IL services does not adequately reflect the IL philosophy and the four IL core services. As a result, the wording of IL program's policies and procedures and consumer service documentation reflects an inappropriate VR focus. In addition, RSA staff conversations with the ARS VR counselors indicate that counselors do not receive adequate training regarding the IL philosophy, the IL core services, or the IL services provided by the CILs. Finally, it appears that counselors' IL activities are not adequately reflected in their job description and performance appraisals. It is important to note that, prior to RSA's on-site review, ARS had already recognized the need to revise and update its policy and procedures to more accurately reflect the IL philosophy and the core services. ARS policies and procedures revision and the corresponding counseling training are addressed in the FY 2008-2010 SPIL objectives and supporting activities.

Goal: To ensure that all IL services– including those provided by ARS – are delivered in a manner that fully reflects the IL philosophy and core services.

Strategies:

- Complete the current ARS review and revision of the IL policies and procedures, as outlined in Objective 3, Activity 3 of the revised SPIL.

- Train ARS counselors on the IL philosophy and core services with the active participation of CIL staff, as outlined in Objective 3, Activity 5 of the revised SPIL.

- Periodically reassess the allocation of available IL funds between IL program and CILs to maximize the cost-efficiencies and effectiveness of IL service delivery in the state, especially in unserved and underserved areas of the state.

Methods of Evaluation:

- ARS and the SILC will agree on the revised IL policies and procedures by June 30, 2008. (The target date for completing the state approval and promulgation process is September 30, 2008.)

- Complete the corresponding ARS counselor training by December 31, 2008.

TA:

- Identify sample state agency policies and procedures from other states and available training or TA opportunities.

- Review draft revisions of ARS policies and procedures.

3. Increased availability of IL resources

Issue: AR is a rural state with large unserved or underserved areas of the state, particularly in the southwest and northeast. In addition, the lack of public transportation and accessible, affordable housing are major barriers to independence and community integration. Given current funding and staffing levels, the ability of ARS and CIL staff alone to address these needs is limited. However, stakeholders identified several alternative funding ideas and collaborative resource leveraging strategies during RSA's on-site review.

Goals: To secure new funding sources for the IL program and to leverage existing resources through collaboration.

Strategies:

- Explore additional funding options for the IL program, including securing or allocating SSA reimbursements.

- Explore the following possibilities to leverage existing resources:
  - Collaborative IL and VR initiatives between ARS and DSB, to maximize the impact of their federal and state funding for employment and/or IL outcomes.
  - Collaborative initiatives involving ARS and the CILs for achieving quality employment and IL outcomes, for example, in the areas of youth transition and pre-employment and post-employment services involving the four IL core services.
  - Improved coordination between ARS field offices and the CILs, including new joint ARS-CIL IL service delivery models for reaching unserved or underserved areas of the state (as discussed in AR's FY 2008-2010 SPIL); and
  - Enhanced cross training among ARS, DSB, and CIL staff and volunteers regarding both IL and VR issues.

Methods of Evaluation:

- Establish a workgroup with ARS, DSB, SILC and CIL representatives to consider new IL-VR collaborative initiatives by December 31, 2007.

- Report on and initiate implementation of the workgroup's recommendations by March 31, 2008.

TA:

- RSA will provide feedback and policy guidance as needed, especially regarding allowable uses of federal Title I funds.

- RSA will share relevant samples and best practices from other states.

- RSA will review ARS status reports and provide feedback regarding possible strategy adjustments.

IL Compliance Issues, Goals, Strategies, Methods of Evaluation, and TA

RSA and ARS agreed on the following IL compliance goal, strategies to achieve the goal, method of evaluation to determine that the compliance issue has been resolved, and TA that RSA would provide to assist ARS achieve the goal:

1. SILC Membership and Composition Requirements

Issue: At the start of the review, RSA found that the SILC was not fully constituted in accordance with the Act because the SILC members' terms had expired and the governor had not reappointed them. The review team immediately informed ARS and the SILC that their SPIL could not be accepted or approved by RSA if the SILC were not fully constituted. Currently, ARS and the SILC are working to correct this situation and expect to obtain the required appointments by August 31, 2007.

Goal: To establish and maintain a legally constituted SILC at all times.

Strategies:

- Work closely with the governor's office to obtain the required appointments.

- Establish nominating mechanisms for SILC membership.

- Establish a tracking mechanism to ensure fulfillment of SILC membership and composition requirements.

Method of Evaluation: The SILC will be fully compliant with all federal membership and composition requirements by August 31, 2007.

TA: RSA will provide training and TA as needed.

Chapter 7: Independent Living Program for Older Individuals Who Are Blind

Program Organization

DSB received $312,417 in OIB funds for FY 2007. The OIB program in AR is called Living Independence for Elders (LIFE). DSB rehabilitation teachers (RTs) provide IL services primarily at consumers' homes and communities, based on an itinerant model of service delivery. This model enables the RTs to reach blind and visually impaired consumers in rural areas of the state where public transportation options are especially limited. In addition to serving individual consumers, the RTs cultivate relationships with local leaders and organizations to leverage community resources and increase awareness about the LIFE program. Orientation and mobility services are provided under contracts with specialists in local communities.

Provision of TA to the OIB Program During the Review Process

RSA provided the following TA to DSB on OIB program areas during the review process:

- alternative resource development and leveraging strategies; and
- Annual Performance (7-OB) Report development.

OIB Issues Identified by DSB and Stakeholders During the Review Process

RSA's review process solicited input from DSB and stakeholders about OIB performance and compliance issues. The following issues were identified.

- State funding to the LIFE program has recently been reduced. Also, DSB lost funding for transportation services provided under the LIFE program.

- The demand for LIFE services is growing rapidly in the state as the number of older individuals losing their vision continues to rise.

- RTs have large caseloads and the waiting list for LIFE services is getting longer. As a result, RTs can only visit their consumers once a month.

- Older Blind consumers require a greater availability of orientation and mobility services than is currently available.

Following compilation of this list, RSA worked with DSB to address as many of these issues as possible either directly or by consolidating the issue into a broader issue area.

OIB Performance Issues, Goals, Strategies, Methods of Evaluation, and TA

As a result of the review, RSA and DSB agreed on the following OIB performance goals, strategies to achieve those goals, and TA that RSA would provide to assist DSB achieve each goal.

1. Increased availability of Older Blind Program resources

Issue: Level federal funding and reduced state funding are not keeping up with the increasing demand for OIB services, especially in the underserved areas of the state. Limited staff resources pose significant service delivery challenges for RTs, whose caseloads include OIB, IL, and VR consumers as well as community capacity-building responsibilities.

Goal 1: Secure new sources of funding.

Strategies:

- Continue efforts to secure program income from social security reimbursements.

- Expand fee-for-service outlets for DSB-provided Braille services, large print calendars, community resources guide and other products and services marketed to non-DSB consumers and agencies.

- Maintain information links with the 2020 Commission to obtain updated statistical data that can assist in the pursuit of future funding opportunities and to keep state leaders informed about the IL needs of AR citizens.

- Increase RTs' active involvement in dialogues with public and private sources of financial and in-kind resources at the local level to maintain knowledge of existing funding streams and in-kind services and to learn about new funding sources and services.

- Quantify on the next 7-OB Report the value of DSB staff and volunteer time and in-kind services and use the upgraded report as an informational resource for future potential grant proposals.

Goal 2: Leverage existing resources through increased collaboration.

Strategies:

- Increase the use of CILs through performance based contracting for specific VR and/or IL outcomes, subject to periodic monitoring, auditing and reporting.

- Organize meetings with CILs to explore services that DSB may purchase to meet LIFE consumer needs, such as core services, reader services, and transportation.

- Train CIL personnel as paraprofessional "rehabilitation technicians" to serve as local extensions of the OASIS RTs (specialized training would be provided by qualified sources).

- Increased use of vetted volunteers from Lions Clubs, churches, and other networks managed locally by the RTs.

- Maximize the effectiveness of existing staff through:

  - increased guidance and training to staff through additional on-site visits by supervisors and more frequent statewide training; and

  - decreased ratio of direct-service staff to supervisors by adding at least one additional supervisor to provide more frequent opportunity for staff consultation.

Methods of Evaluation:

- By October 31, 2007, set quarterly and annual goals for quantity and timeliness of the above outcomes for both direct-service and administrative staff and start monitoring performance, both on-site and electronically. These goals will be reflected in staff's performance evaluation process.

- Record performance against standard and adjust standard as reasonable.

- By October 31, 2007, CIL representative(s) will make a presentation at the annual DSB staff statewide conference as a catalyst for future DSB-CIL dialogue leading to a future IL Summit.

TA:

- RSA will provide feedback and policy guidance as needed, especially regarding allowable uses of federal Title I funds.

- RSA will share relevant samples and best practices from other states.

- RSA will review quarterly DSB updates on progress and provide feedback regarding possible strategy adjustments.

- Review DSB's draft 7-OB Report information.

Chapter 8: Arkansas Rehabilitation Services: Status of Issues Raised in Previous Reviews

As a result of the RSA review conducted with ARS in FY 2005, the agency developed a CAP.   A summary of the progress that ARS has made on the CAP is described below.

CAP

Through the implementation of its CAP, ARS has successfully resolved compliance findings related to the following topics:

- presumption of eligibility of social security beneficiaries;
- timeliness of eligibility determination;
- documentation that services contributed to the achievement of the employment outcome;
- identification and provision of services needed to achieve employment;
- verification that competitive employment outcome compensation and benefits are not less than those of nondisabled workers;
- policies developed to establish limits for academic support, maintenance; transportation and motor vehicles;
- policies developed to establish limits on selection of vocational objectives that require training;
- identify which specific policies related to the nature and scope of VR service requires written exception policies; and
- external audit corrective plan noting repeated deficiencies.

ARS has not successfully resolved compliance findings related to the following topics and continues to work toward their resolution.

- Complete IHE agreements

Status: ARS is making every effort to secure necessary agreements by September 30, 2007.

Chapter 9: Division of Services for the Blind: Status of Issues Raised in Previous Reviews

As a result of the RSA review conducted with DSB in FY 2005, the agency developed a CAP.   A summary of the progress that DSB has made on the CAP is described below.

CAP

Through the implementation of its CAP, DSB has successfully resolved FY 2004 compliance findings related to the following topics:

- Presumption of eligibility for social security beneficiaries;

- Documentation that services substantially contributed to the achievement of the employment outcome; and

- Establish a fee schedule to ensure reasonable cost and permits no exceptions.

DSB has not successfully resolved FY 2003 compliance finding related to the following topics and continues to work toward their resolution.

- Complete IHE agreements

Status: DSB is making every effort to secure necessary agreements by September 30, 2007.

Chapter 10: Summary Conclusion

ARS Strengths, Challenges, and Performance

Strengths:

ARS has established a specialized quality assurance team that administers a succinct and thorough service record review process on a regular basis. Results of the service record review facilitate targeted training areas of improvement for VR staff. The quality assurance team lays the foundation for continuous program improvement within ARS' VR program. FY 2005 and FY 2007 monitoring reviews revealed that ARS manages well-organized service records.

ARS has developed strong working relationships with CAP staff, CRP providers, and CIL directors that are collaborative and meaningful.

ARS case management system and data collection systems complement RSA's data collection and reporting.

Areas of improvement:

Contractual arrangements need more oversight and accountability.

Too few VR counselors are employed to manage large caseloads to provide individualized VR services to consumers.

The SE program is underutilized and needs to be expanded.

VR staff needs more training on the federal requirements and provision of IL services.

Challenges:

ARS needs to develop and implement a strategic long-term plan to continue its overall program improvements efforts.

During the on site visit, VR managers and VR counselors reported that job satisfaction is difficult to achieve.

The allocation of resources to provide individualized VR, IL and SE services to eligible consumers needs a comprehensive and critical review.

Performance:

ARS has consistently met and exceeded the required performance on VR standards and performance indicators since FY 2000, except Indicator 1.1 in FY 2001.

<u>DSB Strengths, Challenges, and Performance</u>

<u>Strengths:</u>

DSB commission board members are active and knowledgeable of DSB program operations and services.

DSB has an effective electronic case management and data collection system that yielded over 90 percent accuracy during the on site 911 data verification review.

Overall program operations, data collection, and fiscal reporting are closely managed.

FY 2006 data analysis and on site visit reports show that DSB provides substantial services to individuals who are determined eligible for services.

<u>Challenges:</u>

DSB lacks a network of CRP providers and employment infrastructure to meet the job search, job development, job placement, and SE needs of its consumers.

<u>Performance:</u>

DSB has consistently met or exceeded the required performance on VR standards and indicators since FY 2000, except Indicator 1.6 in FY 2006.

Table 10
Summary of the Results of RSA's Review

State: Arkansas		
Program: ARS VR		
Goal	Strategies	Technical Assistance
1. To increase the number of individuals with significant and most significant who receive VR services.	1. Assess data and program improvement measures, such as internal and external service record reviews and agency quality assurance reports. 2. Develop and implement outreach plan to build referral base. 3. Invite appropriate and key entities to planning meetings to improve job placement services. 4. Implement collaborative strategies that support statewide system of SE.	RSA will provide guidance and resources in the area of contact with other state VR agencies and assistance with performance based contracts.

2. To identify strategies and resources to operate an expanded and effective SE program.	1. Convene meeting with key players to identify strategies to improve SE program. 2. Senior leadership will reach out learn more about SE options and outcomes. 3. Senior leadership will study current Medicaid system to improve SE service provision. 4. Senior leadership will analyze information and develop a plan for SE program improvement.	RSA will assist in the provision of contacts with other agencies to learn more about effective SE practices and necessary service delivery system. RSA will provide assistance with performance-based contracts and other funding mechanisms.
3. To improve the quality of service provision.	1. Conduct a thorough review of all expenditures. 2. Develop a resource allocation plan.	RSA will provide guidance in the area of data analysis to identify areas of resource needs and national databases trends.
4. To develop SRC's ability to function in an effective and independent manner.	1. Submit current SRC membership list. 2. Provide pool of potential nominees to Governor. 3. Collaborate with Governor to meet SRC federal requirements. 4. Submit reports as required.	RSA will provide TA resources to assist ARS to structure its collaboration with the Governor's office and SRC members. RSA may provide correspondence to the Governor's requesting assistance to develop a legally constituted and effective SRC.

ARS Compliance Issue		
Failure of the SRC to submit its annual reports as required by the federal requirements. (34 CFR 361.17(h)(5).		
Goal	Strategies	Technical Assistance
To submit required documents, especially the SRC annual report, to RSA without prompting from RSA staff and in a timely manner.	Consult with RSA to develop a schedule of required annual documents; institute a fully functional SRC as described in Performance Goal number 5 in Chapter 2, page 23; and submit CAP to resolve reporting issues.	RSA will assist ARS in the development of a reporting schedule; monitor ARS CAP to resolve issue; and provide appropriate TA guidance and resources to establish an effective and independent SRC.

ARS Recommendations		

1. In conjunction with DSB, assess the state's capacity to offer SE services and implement appropriate action to expand the SE service delivery system in AR.
2. Review and evaluate language in the formal interagency agreement for the transition of students with disabilities between the state educational agency and the ARS, as mandated by federal requirements.
3. Continue to administer effective practices to increase program income.

Issues for Further Review
1. Implementation of an efficient strategy to accurately report individuals participating and not participating in the VR services program.
2. IHE agreements are signed, as mandated by federal requirements.

ARS Effective Practices
1. Work of the quality assurance team in training VR counselors and service record reviews.

Program: DSB VR

Goal	Strategies	Technical Assistance
1. To reduce the number of homemaker closures.	1. Implement counselor performance standards, which limits the percentage of homemaker outcomes. 2. Refer individuals needing Older Blind IL services to appropriate programs.	RSA will provide TA resources to assist DSB in the area of data analysis to enable DSB to continue to decrease the factors contributing to segregated employment outcomes.
2. To identify strategies and resources to operate a SE program.	1. Convene meeting with key players to identify strategies to improve SE program. 2. Senior leadership will reach out to others to learn more about SE options and outcomes. 3. Senior leadership will study current Medicaid system to improve SE service provision. 4. DSB will identify appropriate individuals to be served in a SE service delivery system. 5. Senior leadership will analyze information and develop a plan for SE program improvement.	RSA will assist in the provision of contacts with other agencies to learn more about effective SE practices and necessary service delivery system. RSA will provide assistance with performance-based contracts and other funding mechanisms.
3. To analyze financial requirements with a particular focus on carry over funds to meet VR needs of consumers.	1. Evaluate and analyze the need for financial resources. 2. Determine need for program expansion. 3. If appropriate, release funds to RSA reallotment process. 4. Assess long-term spending practices, budget reporting and funds available for consumers.	RSA will provide technical assistance resources and guidance to assist DSB in developing its spending plan.

Recommendations
1. To conduct a comprehensive statewide assessment of VR services for persons with blindness, as required by the Act.
2. To research and implement a long-term strategic plan of DSB's overall agency operations and VR, SE and IL programs.

Issues for Further Review
1. The implementation of the formal interagency of agreement to provide transition services for students with disabilities as mandated by federal requirements.
2. To clarify the roles and relationship between DSB and WIA staff and board members.
3. To secure IHE agreements as required by the Act.

Program: IL

Goal	Strategies	Technical Assistance
1. Enhanced SILC Leadership.	1. Training SILC members. 2. Reviewing SILC by-laws. 3. Establishing a mechanisms for assessing resources. 4. Implementing a system for tracking appointments of member. 5. Promoting attendance at SILC meetings.	RSA will identify assessment and training tools to train SILC members. RSA will assist in drafting appropriate SILC policies.
2. Ensure consistency with IL philosophy and federal requirements related to core services.	1. Complete revision of IL policies and procedures. 2. Train ARS counselors. 3. Reassess allocation of IL funds.	RSA will identify sample state agency policies from other agencies and assist in drafting policies and procedures. RSA will provide feedback related to strategy adjustments.
3. To secure new funding and to leverage resources.	Explore funding options and possibilities to leverage resources.	RSA will provide feedback and guidance as needed. RSA will share relevant samples. RSA will review status reports and provide feedback.

IL Compliance Issue
RSA found that the SILC was not fully constituted in accordance with the Act because the SILC members' terms had expired and the governor had not reappointed these members.

Goal	Strategies	Technical Assistance
To establish and maintain a legally constituted SILC at all times.	Work closely with the governor's office to obtain the required appointments; establish nominating mechanisms for SILC membership; and establish a tracking mechanism to ensure fulfillment of SILC membership.	RSA will provide training and technical assistance as needed.

Program: OIB		
Goal	Strategies	Technical Assistance
1. To secure new funding.	1. Continue efforts to secure program income. 2. Expand fee for services outlets. 3. Maintain information links. 4. Increase RTs' active involvement. 5. Quantify 7-OB Report	RSA will provide feedback and policy guidance as needed. RSA will share relevant samples. RSA will review required updates on progress of goals and DSB's draft 7-OB report information.
2. To leverage resources.	1. Increase use of CILs through performance based contracting. 2. Organize meetings to explore services to meet consumer needs. 3. Train CIL personnel. 4. Increase use of volunteers. 5. Maximize effectiveness of staff. 6. Decrease ratio of direct service staff.	

Please take a moment to participate in a survey about RSA's performance on the FY 2007 monitoring of Vocational Rehabilitation agencies.

Visit http://www.ed.gov/rschstat/eval/rehab/107-reports/2007/survey.html