

Fiscal Year 2007 Monitoring Report on  
the Vocational Rehabilitation and  
Independent Living Programs in  
Washington



**U.S. Department of Education  
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## 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 Washington (WA):

- the Vocational Rehabilitation (VR) program, established under Title I;
- the supported employment (SE) program, established under Title VI, Part B;
- the independent living (IL) programs, 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 WA the Division of Vocational Rehabilitation (DVR) is located within the Department of Social and Health Services and is responsible for the general VR program, SE and maintains their own IL program. The Department of Services for the Blind (DSB) reports directly to Governor's office and is responsible for VR, SE, OIB and their own unique IL program for people with visual impairments.

Both DVR and DSB have DSA/DSU responsibilities as it relates to the IL program. DSB and DVR also maintain their own IL programs.

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

- gathered and reviewed information regarding each programs 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, SRC members, SILC members, and stakeholders to share information, identify effective practices and areas for improvement;
- provided technical assistance;
- worked with DSB, DVR and stakeholders to develop goals, strategies, and evaluation methods to address performance and compliance issues; and
- identified the technical assistance that RSA would provide to help improve program performance.

As a result of the review, RSA:

- identified effective practices;
- identified performance and compliance issues;

- and DVR and DSB developed performance and compliance goals and strategies related to selected issues;
- identified the technical assistance that it would provide assist the agency to achieve the goals identified as a result of the review;
- made recommendations in those instances when DSB, DVR and RSA did not agree on issues; and
- identified potential issues for further review.

#### Strengths and Challenges:

DVR is addressing a number of issues, all of which are closely related to the long-term presence of a particularly large waiting list. These issues include Community Rehabilitation Program (CRP) utilization, caseload efficiency, and relationships with community partners, consumer relations, data/fiscal tracking and forecasting future demands related to taking people off the waiting list. DVR has recently demonstrated significant progress in addressing these issues.

The IL community in WA has historically dealt with capacity issues, particularly as it relates to unserved parts of the state. They have recently been presented with a number of opportunities to increase funding, and thus capacity, and are in the early phases of maximizing those opportunities.

DSB has been coping with increasing demand, declining rehabilitation rates, and increasing costs to reach an employment outcome. The agency is working to address this through new initiatives to focus their multiple programs around a few central themes, enhancing OTC efforts and expanding CRP system capacity.

The OIB program is working to balance the needs of serving high-population urban areas with rural, less populated areas. OIB resources in the lower population areas report being able to meet needs while being concerned that significant (and likely) increases in need would be problematic.

## Introduction

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

- reviewed the state agency's performance in assisting eligible individuals with disabilities to achieve high-quality employment and independent living outcomes;
- developed, jointly with the state agency, performance and compliance goals as well as strategies to achieve those goals; and
- provided technical assistance (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 Supported Employment (SE) program, established under Title VI, Part B;
- the Independent Living (IL) programs, 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 addition, RSA also reviewed DVR and DSB progress on:

- the agencies' Corrective Action Plan (CAP) that was established as a result of findings from RSA's FY 2004 Section 107 monitoring review;
- the assurances that DVR and DSB made to RSA in conjunction with its FY 2007 state plan.

## Washington Administration of the VR, SE, IL, and OIB Programs

DVR reports directly to the Secretary of the Department of Social and Health Services and is responsible for the VR, SE and IL programs.

DSB reports directly to the Governor's office and is responsible for the VR, SE, IL and OIB programs for people with visual impairments

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

## Appreciation

RSA wishes to express appreciation to the representatives of the Department of Social and Health Services, DSB, DVR, the State Rehabilitation Councils, the Statewide Independent Living Council, and the stakeholders who assisted the RSA monitoring team in the review of DVR and DSB.

## Chapter I: RSA's Review Process

### Data Used During the Review

RSA's review of DVR and DSB 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 agency 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.

### Review Process Activities

During the review process RSA's WA state team:

- gathered and reviewed information regarding DVR and DSB's performance;
- identified a wide range of VR and IL stakeholders and invited them to provide input into the review process;
- conducted one on-site visit, and held multiple discussions with state agency staff, SRC members, SILC members, and stakeholders to share information, identify effective practices and areas for improvement;
- provided technical assistance to DVR and DSB;
- worked with DVR and DSB to develop goals, strategies, and evaluation methods to address performance and compliance issues;
- made recommendations to DVR and DSB in those instances when DVR and DSB and RSA did not agree on issues;
- identified potential issues for further review; and
- identified the technical assistance that RSA would provide to help DVR and DSB improve its performance.

### RSA WA State Team Review Participants

Members of RSA's WA state team included representatives from each of RSA's State Monitoring and Program Improvement's (SMPID's) five functional units. The RSA WA state team was led by RSA's state liaison to WA, Sean Barrett (Independent Living Unit) and the following RSA WA team members: Carol Dobak (Vocational Rehabilitation unit), Fred Isbister (Technical Assistance unit), Regina Luster (Fiscal Unit) and Steve Zwillinger (Data Unit).

### Information Gathering

During FY 2007, RSA began its review of DVR and DSB by analyzing information including, but not limited to, RSA's various data collections, DVR and DSB's VR and IL state plans, and DVR and DSB's State Rehabilitation Council's (SRC's) Annual Report. After completing its internal review, the RSA

team carried out the following information gathering activities with DVR, DSB and stakeholders in order to gain a greater understanding of DVR and DSB's strengths and challenges:

- the RSA WA state liaison conducted a series of individual teleconferences with the WA management team as well as stakeholders;
- the RSA WA state team conducted four teleconferences with the DVR and DSB management;
- the RSA WA state team held two teleconferences with stakeholders;
- RSA conducted an on-site monitoring visit from May 1 through May 10, 2007. May 1 through May 4, 2007 was spent reviewing DVR while May 7 through the May 10, 2007 was spent reviewing DSB;
- the RSA WA state team held several teleconferences and on-site meetings focused on the SRC and IL services, including the development of the Statewide Independent Living Council (SILC); and
- the RSA WA state team conducted teleconferences and held on-site meetings with the SILC chairperson as well as potential members of the SILC.



## Chapter 2: Division of Vocational Rehabilitation and Supported Employment Programs

### Program Organization

DVR has 42 offices divided into three geographic areas. Area one covers south King County, south to the Oregon border including the western coast. Area two covers Seattle to Canada. Area three covers all territory east of the Cascade Mountains.

DVR maintains 42 offices with a total of 301.3 FTEs that are comprised of 245.3 field 46 administration positions. Of the field positions, 130.45 of the FTEs are listed as counselors with 22 being supervisors. The remaining field positions are comprised of mostly Rehab Technicians with a variety of other support type staff.

In early FY 2001, DVR implemented an order of selection (OOS) and has done so continuously since that time. Under the agency's policies governing its OOS, individuals are determined eligible for services and then assigned to one of three priority categories: individuals with the most severe disabilities, individuals with severe disabilities and all other individuals with disabilities. As reported by the agency in its FY 2008 VR State Plan, DVR maintained a waiting list of 12,250 individuals from all three priority categories at the beginning of FY 2007. During the concluding months of FY 2006 and through FY 2007, the agency undertook steps to reduce the number of individuals waiting to receive services. As a result, by June of 2007, 7,700 (by August, 2007, 5,196) individuals were waiting to receive services. The agency's continuing efforts to serve increasing numbers of individuals on the waiting list are discussed in greater detail in connection with Performance Issue 1, pertaining to the agency's ability to manage its resources in an efficient manner.

As reported to RSA on Form SF 269, "Financial Status Report," DVR spent a total of \$55,340,524 on the administration and operation of the VR program in FY 2006. With these funds, the agency provided services to 7,803 individuals with disabilities. Of this total, the agency assisted 1,969 individuals to achieve employment outcomes, 1,715 of whom were employed in integrated settings without supports. During this period, individuals achieving gainful employment earned an average hourly wage of \$10.08 and worked an average of 27.17 hours per week.

### **Table 1: Performance Measures by Year**

Table 1 provides fiscal and program data for fiscal years 2002 through 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.

WASHINGTON	2002	2003	2004	2005	2006
Total funds used	\$47,634,099	\$63,653,332	\$52,379,836	\$55,932,489	\$55,340,524
Individuals served during year	9,518	11,959	8,952	9,314	7,803
Applicants	13,510	16,109	11,236	10,492	9,164
Closed after receiving services	2,495	4,949	4,612	3,957	4,303
Closed with employment outcomes	1,365	2,405	2,107	1,737	1,969
Employment outcomes without supports in an integrated setting	1,243	2,186	1,832	1,522	1,715
Average cost per individual served	\$5,004.63	\$5,322.63	\$5,851.19	\$6,005.21	\$7,092.21
Average cost per employment outcome	\$34,896.78	\$26,467.08	\$24,859.91	\$32,200.63	\$28,105.90
Employment outcomes per \$million spent	28.66	37.78	40.23	31.06	35.58
Competitive employment outcomes per \$million spent	27.73	37.04	39.25	30.47	34.97
Average hourly earnings for paid employment outcomes	\$10.06	\$9.81	\$10.08	\$10.28	\$10.08
Average state hourly earnings	\$18.39	\$18.76	\$18.90	\$19.48	\$20.36
Average hours worked per week for paid employment outcomes	29.84	29.50	28.30	27.87	27.17
Percent of transition age served to total served	17.68	18.57	19.25	20.55	23.68
Employment rate for transition age served	63.95	49.40	50.79	49.94	49.46
Average time between application and closure (in months) for individuals with successful paid employment outcomes	27.50	22.30	27.20	31.40	28.80
Average number of individuals served per total staff	26.81	32.50	24.59	27.72	24.16

## SE Services

DVR provides SE services through contracts with community organizations serving individuals with developmental disabilities and individuals with mental illness. The agency reports that it does not encounter significant difficulty in obtaining extended services for individuals with developmental disabilities once they have transitioned to competitive employment. However, DVR indicates that there is a lack of capacity among organizations serving individuals with mental illness to provide such long-term supports. The lack of capacity has resulted from significant reductions in the funding that supports the mental health service delivery system in the state.

To address this lack of capacity, DVR is collaborating with the state's Mental Health Division to develop a strategic initiative that will increase the availability of mental health services in the state, as well as expectations for the employment outcomes achieved by individuals served by mental health providers. DVR is also engaging in joint training activities with the Mental Health Division regarding improved collaboration by DVR staff and mental health providers. Finally, DVR is seeking other sources of extended services, including peer support provided through clubhouses and wellness recovery action plans.

DVR provides SE services only through contracts with community providers. Therefore, improved performance of the SE program can best be assessed through the same measures used to determine the agency's progress toward achieving Performance Goal 2, related to the improved effectiveness of service providers.

## Provision of Technical Assistance

During the review process, RSA provided technical assistance to DVR. RSA:

- discussed the agency's case management system; and
- demonstrated the use of RSA's Management Information System.

RSA also verified DVR RSA-911 data while on site. This 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 DVR to the actual case files including the original application to the agency and the Individual Plan for Employment. The verification process focused on 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 a non-statistical sample of 10 case files. Five of the records were closed in FY 2006; four were closed in FY 2005; and one of the records were closed in FY 2004. Both successful and unsuccessful closures were reviewed. No significant issues were identified. Minor inconsistencies between original case file data and final reported data were identified and resolved.

### Effective VR Practices Identified by DVR and Stakeholders During the Review Process

#### SRC Implementation

Following discussions with DVR officials and members of the SRC, RSA has concluded that the SRC carries out its responsibilities under the Act in a very effective and independent manner. While the members of the SRC are highly motivated, several other factors contribute to the success of this organization. First, the daily activities of the SRC are conducted by a full-time executive director, who communicates with the chairperson and other members, as well as DVR officials, on an ongoing basis. Though employed by the agency, the executive director and the chairperson and other members of the SRC assured RSA that this relationship does not hinder her ability to conduct her duties free from interference by DVR. The SRC also shares a support staff with the SILC, freeing up the executive director to focus on policy and leadership issues.

In addition, the members of the Council serve on committees that function throughout the year. As a result, the SRC is able to respond to the agency's requests for input and recommendations in a timely fashion, without the need to limit this activity to the convening of regular or special meetings of the entire Council.

Finally, and perhaps most significantly, DVR is committed to the active participation of consumers in the VR program, which it seeks to obtain, in part, through its relationship with the SRC. This commitment is evidenced by the fact that DVR leadership invited the SRC executive director to participate in the on-site entrance and exit meetings, along with the teleconference following the visit. The SRC Executive Director was in attendance when RSA and DVR discussed the goals, strategies and methods of evaluation that were to be developed as a result of the review.

### VR and SE Issues Identified by DVR and Stakeholders During the Review Process

During the review process, RSA solicited input from DVR and stakeholders regarding the issues that would be reviewed. Of concern to the agency and the stakeholders were:

- the ability of DVR to manage its resources while engaged in efforts to eliminate the waiting list for services;
- the accountability and performance of the agency's service providers;
- the agency's focus on increasing the quantity of employment outcomes, which stakeholders believe is to the detriment of the quality of those outcomes;
- DVR's review of existing cases involving the provision of financial assistance for postsecondary education and other high cost services; and
- the failure to appoint a representative of the CAP to the SRC for the past two years.

As a result, RSA and DVR agreed to address these issues during the course of monitoring activities.

#### VR and SE Performance Issues, Goals, Strategies, and Technical Assistance

RSA and DVR agreed on the following performance goals, strategies to achieve those goals, and the technical assistance that RSA will provide to assist the agency to achieve each goal. DVR will consider including these goals and strategies in the agency's FY 2009 State Plan and if they are included, DVR will report progress toward the achievement of these goals in its FY 2011 annual State Plan submission.

##### 1. Management of Resources

Issue: As shown in Table 1, the performance of DVR has remained largely unchanged or declined from FY 2002 through FY 2006. For example, the agency provided services to 11,959 individuals during FY 2003, a number which declined steadily to 7,803 in FY 2006. In addition, in FY 2002, DVR assisted 1,365 individuals to achieve employment outcomes. This figure increased by nearly 1,000 individuals the following year, but then declined to 1,969 individuals at the close of FY 2006.

The ability of DVR to improve its overall performance with respect to the number of individuals served and the quality of outcomes they achieved is dependent in part on the ability of the agency to effectively manage its OOS. DVR indicates in its FY 2008 State Plan that it intends to eliminate the waiting list for the OOS by the end of FY 2008. To accomplish this goal, DVR plans to serve all individuals with the most significant disabilities, without a need to wait for services, and to remove 1,000 additional individuals from the waiting list each month. During the course of monitoring, DVR reported that approximately 70 percent of the individuals formerly on the waiting list and who were contacted for services to

date did not receive services. DVR attributes this result to the lengthy period of time that these individuals had been waiting for services, causing them to no longer be available or in need of VR services. However, RSA and DVR anticipate that this situation will change as length of time between placement on the waiting list and the offering of services decreases.

In January 2006, DVR conducted a statewide case review using the 107 review instrument. The results raised significant concerns around the appropriate identification of barriers to employment and spending practices among current cases. To respond to these concerns, DVR undertook a review of all existing cases involving the provision of financial support for postsecondary education and other services costing \$10,000 or more. During on-site discussions, DVR explained that the purpose of this review was to determine if all barriers to employment resulting from an individual's disability were properly addressed through the original Individualized Plan for Employment (IPE). Based on case review results, current management believes that counselors did not always conduct thorough assessments in prior years because of departmental pressure to increase the number of plans developed. However, representatives of stakeholders and CAP, contend that DVR engaged in this review for cost management purposes. It is unclear based on discussions with agency officials and personnel how many, if any, of the IPEs were amended to either add services that better address the individual's barriers to employment or to reduce educational or high-cost services. Nonetheless, DVR and its stakeholders have opposing perceptions of the process.

In light of this activity, coupled with the agency's renewed efforts to serve increasing numbers of individuals through the VR program, RSA recommended during the on-site discussions that DVR management clearly explain verbally and in writing the purpose of any such future activities.

Based on more detailed discussions of the above performance data and information related to the historical development and current management of the OOS, RSA and DVR have agreed to the following goal.

Goal: DVR will manage its resources in an effective manner so that it can improve the quantity and quality of employment outcomes achieved by individuals with disabilities.

Strategies: To achieve this goal, DVR will:

- conduct caseload analysis to determine how many new applications each office should be targeting to maintain full caseload capacity as it eliminates the waiting list for services;
- establish new area office targets for applications;

- manage caseload growth and anticipated expenditures through use of projection tools and the ongoing monitoring of performance and expenditures; and
- train field staff on how to build and manage full caseloads when the agency is no longer implementing the OOS.

Methods of Evaluation: DVR and RSA will use the following measures to assess the agency's progress toward the goal:

- new applications to each area office will increase (baseline performance level will be determined in FY 2008); and
- number of new IPE's developed will increase with performance targets of 3-4 new IPE's per counselor per month (360-480) and a FY 2008 agency target of 5,600.

Technical Assistance: To assist DVR to achieve the goal, RSA will inform DVR of any effective practices used by other agencies with respect to the management and reduction of large waiting lists under an OOS.

## 2. Accountability and Performance of Service Providers

Issue: During the review, DVR informed RSA that historically the agency has expended approximately 48 percent of the funds available for the purchase of services on those services provided by CRPs while the number of outcomes provided by CRPs had declined. As a result, the cost per rehabilitation outcome provided by a CRP had increased sharply. In an effort to contain costs, serve more individuals and increase outcomes, DVR revised its contract model in FY 2006. This new contract model includes cost-saving measures, narrows the agency's use of CRPs, and requires all CRPs to obtain CARF accreditation. At the time of the review, DVR was considering revising its CRP contract model again to bring about increased accountability and further cost reductions.

While on-site, RSA met with representatives of CRPs from across the state. They recommended that DVR counselors collaborate more closely with CRP staff regarding the services to be provided to agency consumers, that VR counselors be required to meet with the CRP staff every two to three months to review the individual's accomplishments and challenges and that DVR involve families in the VR process because of the critical role that they can play in the success of the individual. Additionally, while not satisfied with the current contract, the representatives believed that the consistently increasing numbers of individuals coming off the waiting list, and thus into services, could likely change how the contract functions. They therefore believe that DVR should not revise the contract process at this time, and should wait to see how the increased flow of consumers impacts CRPs ability to provide services under the contract. However, the CRP representatives were supportive of the development of a "report card" system that DVR would use as the basis for future contract negotiations.

To bring about greater accountability and to improve provider performance, DVR and RSA have agreed to the following goal.

Goal: DVR will develop a CRP business model that meets the needs of the agency and enhances provider effectiveness.

Strategies: To achieve the goal, DVR will:

- analyze and evaluate CRP contract results and their relationship to rehabilitation outcomes; establish performance targets;
- publish and disseminate reports that reflect CRP contract results;
- build capacity of CRPs to offer benefits planning on a fee for service basis in high demand areas; and
- assess CRP capacity issues related to current caseload and referral levels.

Methods of Evaluation: DVR and RSA will use the measures listed below to assess the agency's progress toward the goal.

- Percent of overall rehabilitation outcomes resulting from CRP placement services compared to previous years;
- Number of CRPs offering benefits planning on a fee for service basis with target to be determined based on assessment of need and identification of high demand areas; and
- Length of time it takes for CRP services to commence after a referral has been made compared to previous years.

Technical Assistance: RSA will inform DVR of any effective practices used by other agencies to address this issue, and will identify additional technical assistance resources as requested by the agency.

#### VR and SE Compliance Issues, Goals, Strategies, Methods of Evaluation, and Technical Assistance

Issue: 34 CFR 361.17(b)(1)(iii) requires that the membership of the SRC be comprised of "At least one representative of the Client Assistance Program established under 34 CFR part 370, who must be the director of or other individual recommended by the Client Assistance Program." This CAP's person on the SRC has not been filled for the past two years.

RSA met with representatives from the governor's office to discuss this issue. As a result of these discussions, the representatives indicated that they would complete the appointment of a representative of the CAP to the SRC by the close of FY 2007.



Goal: The governor will appoint a representative of the CAP to the SRC for DVR, in accordance with 34 CFR 361.17(b)(1)(iii), by September 30, 2007.

Method of Evaluation: RSA will consider the matter to be resolved upon receipt of written confirmation from the governor's office that the appointment has been made in accordance with the requirements of federal regulations.

Technical Assistance: RSA is available to provide further explanation to DVR, the SRC and representatives of the governor's office regarding the regulatory provisions concerning the appointment of a representative from the CAP to the SRC.

### CHAPTER 3: FISCAL REVIEW OF THE VR PROGRAM

RSA reviewed DVR's fiscal management of the VR program. During the review process RSA provided technical assistance 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 # 2:**

#### **Fiscal Data for DVR for FY 2002 through FY 2006**

<b>Washington (G)</b>					
<b>Fiscal Year</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Grant Amount</b>	36,598,501	37,220,804	38,890,809	38,642,787	40,155,006
<b>Required Match</b>	9,905,312	10,073,737	10,525,721	10,458,594	10,867,873
<b>Federal Expenditures</b>	23,503,075	37,220,804	36,539,718	35,559,184	35,683,981
<b>Actual Match</b>	10,256,154	10,174,620	10,525,740	9,958,594	11,227,935
<b>Over (Under) Match</b>	350,842	100,883	19	(500,000)	360,062
<b>Carryover</b>	13,095,426	0	2,351,091	3,083,603	4,471,025
<b>Program Income</b>	1,637,639	670,123	1,444,833	1,324,238	1,519,788
<b>Maintenance of Effort (MOE)</b>	12,339,382	9,856,680	10,256,154	10,174,620	10,525,740
<b>Administrative Costs</b>	6,555,445	6,513,032	7,240,106	6,536,917	6,690,255
<b>Total Expenditures</b>	47,634,099	63,653,332	52,379,836	55,932,489	55,340,524
<b>Percent Admin Costs to Total Expenditures</b>	13.76%	10.23%	13.82%	11.69%	12.09%

#### 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 reallocation process, or additional grant funds received through the reallocation process.

**Match (Non-Federal Expenditures):** The non-Federal share of expenditures in the Basic Support 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 community rehabilitation program. 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 maintenance of effort provisions. Effective Federal FY 1993 and each Federal fiscal year thereafter, the maintenance of effort 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 maintenance of effort requirements are two separate requirements. Each must be met by the state.

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#### Provision of Technical Assistance to the VR and SE Programs During the Review Process

RSA provided fiscal TA to DVR 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, maintenance of effort (MOE), carryover, reallocation, program income, liquidation of outstanding obligations and grant closeout;
- conducted one day of intensive financial management training for 10 financial staff from the Department of Services for the Blind and the Division of Vocational Rehabilitation addressing VR Program formula, allotment process and program cost of living increases, match/overmatch, maintenance of effort, carryover, grant period, liquidation of obligations, grant closeout, prior approval requirements, program income, allowable costs, guidance and reference materials, financial reports, and reallocation;
- discussed the agency's relationship with CRPs, outcome based contracting, issues related to the delivery of services, and the availability of online CRP performance reports;
- discussed the rapidly growing amount (and percentage) of federal funds carried over since FY 2003. Although operating on an order of selection, carryover funds are expected to reach the \$11,000,000 level at the end of FY 2007. As DVR continues to build caseloads and initiate services for more consumers, this trend is expected to reverse;
- reviewed and assessed data and management reports developed to manage being on an order of selection with closed categories; and

- reviewed reductions in mid-management positions (5 FTE) that occurred during the 2-year budget cycle ending June 30, 2007. As a result of these reductions, administrative costs charged to the VR Program in FY 2008 are expected to be closer to the national averages for all VR agencies and General VR agencies.

### Effective VR and SE Practices Identified by DVR and Stakeholders During the Review Process

#### Financial and Program Data Integration

In part because of going on an order of selection with closed categories and a waiting list, DVR has integrated extensive financial and program data that allows the agency to track actual expenditures at the state and sub-state level, determine actual and projected costs for the delivery of services, and provides trend data. This extensive data allows the agency to easily manage being on an order of selection with closed categories. Staff can project the long-term and short-term costs of providing services under the VR Program, the number of consumers that the agency has the resources to serve, and quickly move consumers off the waiting list as resources are available. Examples of reports generated and disseminated to management staff include:

- area/office allotment Tracking (Includes funds held in reserve – prepared monthly);
- office allotment tracking that tracks allotment by area offices and each individual office, current and prior year cancellation rates, amount authorized, rate of authorization, expenditures, percent expended, percent of allotment paid and outstanding, percent of total budget as of the day report is run, and number of days into fiscal year.);
- average spending per plan in each DVR office;
- spending by service category;
- funding for case services (by month);
- expenditure projection by service category including monthly trend information to compare to prior fiscal year;
- expenditure projection by budget line item;
- expenditures by grant (separate report prepared to show monthly totals, separated by federal/state);
- grant financial status (summary information for all federal grants);
- indirect cost history (4-year trend information);
- vocational rehabilitation basic support grant estimates (actual match and maintenance of effort trend data for five fiscal years, projected for two additional fiscal years);
- statewide caseload profile (spreadsheet reflecting monthly totals for the entire fiscal year - detailed program information tracked related to open caseload, applications, eligibility determinations, IPE's written, closures, rehabilitation rate and hourly wages after rehabilitation);

- performance status by unit (14 program areas tracked for each unit office);
- monthly authorizations by service category groupings; and
- division monthly fiscal status report (prepared monthly for Department managers and includes notes explaining expenditure patterns, issues faced related to compliance with program requirements, and out of the ordinary expenditures);

### Social Security Reimbursement Claims Processing

DVR automated its SSA claim process in early 2004. Two data interfaces were instrumental in its success. The first was to piggyback on an existing data share agreement between SSA and DVR's parent agency, the Washington State Department of Social and Health Services. This enabled verification of clients receiving SSI and/or SSDI. The second key piece was gaining access to earnings data from the state's Employment Security Department. This enabled verification of client earnings at or above SGA levels. The new verification ability results in a higher percentage of reimbursement claims being approved leading to higher processing priority with SSA.

Since the entire process is automated, it only takes a couple of hours each quarter to activate the program and print the claims package that is submitted to SSA for reimbursement.

### VR and SE Recommendations

#### 1. Personnel Compensation

RSA discussed with financial staff the current status of repeat audit findings that appeared in the State of Washington's FYs 2003, 2004 and 2005 Single Audits. The agency had not complied with the OMB Circular A-87 semi-annual certification requirement applicable to all employees who spend 100% of their time working on one federal grant program (or cost objective). In the state's Single Audit for state fiscal year 2006, part of the salaries of six employees, assigned to other components of the Department of Social & Health Services, were charged to the VR Program based upon pre-determined budgeted amounts. The employees in question do perform work for several components; however, no adjustments to actual costs were made.

DVR has taken action to ensure completion of the semi-annual certification and will switch funding for the positions in question to 100% state (non-match). Because the employees in question are not assigned to DVR, the agency does not have the authority to require them to keep time distribution records. Upon review, RSA recommends that DVR enter into a contractual arrangement to reimburse the State for services performed by these non-VR employees. Appropriate documentation would have to be maintained, submitted, reviewed and approved before payment is made.

DVR has stated that the charges for the employees in question will be switched to 100 percent state funding. Upon receipt of final SF-269s, RSA will make an official determination related to the repayment of grant funds if DVR has not removed the salary charges from previously reported FY 2006 expenditures. In determining the amount of payback, if any, the harm to the federal interest will be weighed against the benefit received from the services performed by these six individuals.

## 2. Staff Development Activities

To have a better understanding of how their specific work ties to the overall agency mission, financial staff (at all levels) should be provided opportunities to be exposed to various areas of the VR programs that the agency administers. Suggested activities include site visits with community providers, spending a day shadowing VR Counselors, and attending all or part of internal training sessions geared toward program staff.

## Chapter 4: Blind and Visually Impaired Vocational Rehabilitation and Supported Employment Programs

### Program Organization

DSB has seven statewide offices, six of which are staffed fulltime. Statewide, DSB has 75 FTEs. There are currently four VR field services teams, with immediate plans to create a fifth. Each team covers a specific geographic area, Northwest, Eastern, Southwest or West Central (King County). Teams overlap and work collectively to serve all customers. There is no unit or team within the agency that would be considered as a stand-alone entity.

The Orientation and Training Center is located in Seattle. IL services are provided through a combination of a contracted agencies and itinerant contractors.

As reported to RSA on Form SF 269, “Financial Status Report,” DSB expended a total of \$8,088,353 on the administration and operation of the VR program in FY 2006. With these funds, the agency provided services to 824 individuals who are blind or visually impaired. Of this total, the agency assisted 138 individuals to achieve employment outcomes, 129 of whom were employed in integrated settings without supports. During this period, individuals achieving gainful employment earned an average hourly wage of \$15.30 and worked an average of 31.13 hours per week.

Table 3 provides fiscal and program data for fiscal years 2002 through 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 3: Performance Measures by Year**

WASHINGTON	2002	2003	2004	2005	2006
Total funds used	\$8,709,999	\$8,765,106	\$8,478,505	\$8,696,329	\$8,088,353
Individuals served during year	772	845	856	853	824
Applicants	418	409	382	365	385
Closed after receiving services	194	218	248	227	261
Closed with employment outcomes	121	125	130	129	138



WASHINGTON	2002	2003	2004	2005	2006
Employment outcomes without supports in an integrated setting	113	112	120	121	129
Average cost per individual served	\$11,282.38	\$10,372.91	\$9,904.80	\$10,194.99	\$9,815.96
Average cost per employment outcome	\$71,983.46	\$70,120.85	\$65,219.27	\$67,413.40	\$58,611.25
Employment outcomes per \$million spent	13.89	14.26	15.33	14.83	17.06
Competitive employment outcomes per \$million spent	12.74	13.69	14.27	14.03	16.94
Average hourly earnings for paid employment outcomes	\$13.15	\$14.16	\$14.50	\$14.34	\$15.30
Average state hourly earnings	\$18.39	\$18.76	\$18.90	\$19.48	\$20.36
Average hours worked per week for paid employment outcomes	33.74	31.28	32.56	31.70	31.13
Percent of transition age served to total served	9.79	11.47	9.68	14.98	14.94
Employment rate for transition age served	36.84	44.00	33.33	35.29	41.03
Average time between application and closure (in months) for individuals with successful paid employment outcomes	26.40	29.10	23.20	31.50	30.30
Average number of individuals served per total staff	10.58	11.74	12.78	13.76	12.88

### Supported Employment Program

DSB provides SE services to individuals with the most significant disabilities through performance-based contracts with the same network of service providers used by DVR. DSB engages in several activities to assess the performance of the SE providers, including the review of individual vendor performance, supervisory reviews designed to ensure that the outcomes achieved by individuals are competitive and in integrated settings, and consumer satisfaction surveys of individuals who achieve SE outcomes. In addition, DSB takes steps to ensure that its staff and counselors possess current knowledge of the SE services program. For example, agency staff participates in annual training conferences sponsored by the Washington Initiative for Supported Employment, during which they receive training on innovative project design and financial systems analysis.

### Provision of Technical Assistance

During the review process, RSA provided technical assistance to DSB regarding verification of the agency's RSA 911 case record data for FY 2004, FY 2005, and FY 2006. While on-site, RSA verified data reported by DSB on the RSA-911, "Case Service Report." This verification process consisted of using a custom computer application to compare the data reported and submitted by DSB on the RSA-911 to the actual case files, including the original application to the agency and the Individualized Plan for Employment (IPE). The verification process focused on 42 data elements reported on the RSA-911 related to an individual's demographics, type of disability, employment status at application and closure, type of outcome, earnings and hours worked at closure, and dates pertinent to the completion of the various stages of the VR process, among others. Since most of the DSB case management system is automated, only those data elements that were reported on paper documents were verified. The RSA state team prepared to review many files. However, when a non-statistical sample of 5 case files from FY 2006 showed almost no discrepancies (in one record the applicant's ethnicity was ambiguous), this activity was concluded.

### RSA's Management Information System

RSA demonstrated the RSA Management Information System (MIS) to DSB staff. 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 RSA team also showed agency staff how to conduct ad hoc queries on the MIS, to obtain information about the agency, and/or compare and contrast the agency's performance with that of other similar agencies.

### VR and SE Issues Identified by DSB and Stakeholders During the Review Process

During the review process, RSA solicited input from DSB and stakeholders regarding the issues that would be reviewed. Of concern to the agency and the stakeholders were:

- the relatively low number of individuals served by DSB and the corresponding high cost per employment outcome;
- the nature of services provided individuals at the agency's Orientation and Training Center, in particular whether these services were effectively integrated within DSB and focused on the achievement of employment outcomes; and
- the accountability and performance of the agency's service providers.

As a result, RSA and DSB agreed to address these issues during the course of monitoring activities.

### VR and SE Performance Issues, Goals, Strategies, and Technical Assistance

RSA and DSB agreed on the following performance goals, which are consistent with the goals identified by DSB in its strategic performance plan currently under development. However, the agency has yet to finalize the strategies that it will implement to achieve the goals and the methods of evaluation that it will use to assess its progress toward each goal. Once the agency has determined the strategies and measures that will be included in its strategic performance plan, it will use these strategies and measures in connection with the goals identified below. In addition, DSB will consider including these goals and strategies in the agency's FY 2009 State Plan and if they are included, DSB will report progress toward the achievement of these goals in its FY 2010 annual State Plan submission.

#### 1. Enhancing OTC Services as a Method to Improve Quantity and Quality of Employment Outcomes

Issue: As shown in Table 1, DSB served an increasing number of individuals from 772 in FY 2002 to 853 in FY 2005. This number decreased to 824 in FY 2006. Additionally, DSB assisted more individuals to achieve employment outcomes during this same period. In FY 2002 121 individuals achieved employment outcomes, while in FY 2006, the agency assisted 138 individuals to obtain employment. However, the data indicates that despite this improvement in performance, the agency still assists a low number of individuals to achieve employment in comparison to the number of individuals served each year. For example, in FY 2006, DSB assisted 138 of a total of 824, or 16.75 percent, of the individuals served to achieve employment outcomes. The national average for this category is 23.5%.

In addition, although the number of individuals served and who achieved employment outcomes have improved, DSB remains inefficient in its use of resources. In FY 2006, the agency's cost per individual served was \$9,815.96, and its cost per employment outcome was \$58,611.25. Finally, in that year, the agency served only 12.88 individuals per staff. The 2005 national average for this category was 14.5.

Along with a review of this and other performance data, RSA conducted monitoring activities related to the agency's operation of the orientation and training center (OTC). Through the OTC DSB provides approximately 15 individuals at any point in time training in Braille, the use of assistive technology, orientation and mobility and other techniques of daily living. Specifically, in response to concerns expressed by stakeholders, RSA focused its activities on the connection between the training provided at the OTC and the agency's ultimate

mission of assisting individuals to achieve employment. In doing so, RSA reviewed OTC brochures and curriculum descriptions prior to the on-site visit, met with OTC staff, agency counselors and students at the OTC regarding the services provided, and conducted a limited service record review to analyze the experiences of individuals who had participated in OTC training.

While on-site, DSB informed RSA that, in FY 2003, it began to take steps to better focus the OTC training on employment in response to its own concerns and those expressed by OTC students and stakeholders. For example, in that year, the OTC introduced a career exploration class in its curriculum. During this course, students identify two careers of their choosing, research the functions of these jobs, the qualifications required to perform the jobs, the demand in the labor market for these jobs and other information pertinent to selecting a career goal, and then report in writing the results of this research. In addition, DSB currently is developing an internship program, through which students will work with employers in the OTC's local area to gain on-the-job experience.

Because most often students are referred to the OTC prior to selecting an employment outcome and developing an IPE, it is critical that counselors and students maintain contact during the 30 weeks of training so that an individual's progress through the VR program is not delayed once training is completed. Therefore, RSA inquired of both counselors and students the extent to which contact was maintained during training. The counselors described the various points during training at which they have contact with the individuals they are assisting, including the point of referral to the OTC, the completion of each 10 week semester, during the student's participation in the career exploration class and the completion of training. However, they stated that they often maintained contact with staff of the OTC, rather than directly with the students. RSA met with fourteen current OTC students who reported varied levels of satisfaction with the amount of contact they had with their counselors. However, through the review of 11 open and closed service records of individuals who had participated in OTC training, RSA found that in nine of the cases counselor notes indicated that contact with the individual was irregular or infrequent. Again, counselor notes indicated more frequent contact with OTC staff.

As a result of the performance data and the information obtained during monitoring activities related to training at the OTC, RSA and DSB have agreed to the following goal.

Goal: Enhance vocational focus and efficiency of OTC services

Strategies: To achieve this goal, DSB will;

- enhance employment focus of OTC;
- increase communication between counselors, OTC staff and consumers; and

- establish processes to assure IPE goals are established as early in OTC process as appropriate.

Method of Evaluation:

- evidence of increased OTC focus on employment. Could include materials, curriculum and/or policies.
- implementation of new policies that create better and more frequent communication between counselors, consumers in the OTC and OTC staff

Technical Assistance: RSA will inform DSB of effective strategies used by other agencies for the blind to focus OTC training on employment.

## 2. Accountability and Performance of Service Providers

Issue: DSB’s high costs per individual served and employment outcome are, in part, the result of the amount of funds expended on contracts with community rehabilitation programs (CRP). During the review process, DSB also informed RSA of concerns with respect to the capacity of CRPs in the state to serve individuals who are blind and visually impaired. DSB staff find that CRP staff do not always possess the qualifications to assist individuals who are blind and often are misinformed regarding the capabilities of blind individuals. In addition, DSB adopted the payment-for-performance contract model used by DVR and has found that this model does not sufficiently address the needs of DSB because individuals who are blind require unique skill sets that current DSB vendors are often unable to provide.

Goal: Increase productivity of CRPs system.

Strategies: To achieve this goal, DSB will:

- increase collaboration among DSB and CRP staff regarding the services provided to DSB consumers;
- conduct regular meetings among DSB counselors and CRP staff to review individual accomplishments and identify challenges to the achievement of the employment outcome;
- develop training programs to build CRP capacity;
- develop a “report card” for each CRP to provide evaluation of its performance and establishment of clear expectations for performance goals for the subsequent fiscal year; ; and
- enhance quality assurance activities, including the conduct of on-site reviews of each CRP throughout the state on a yearly basis to verify reported data and the quality of services.

Method of Evaluation: Reporting of increased CRPs production supported by relevant supporting data.

Technical Assistance: RSA will inform DSB of effective contract models used by other blind agencies that have led to improved performance and greater accountability.

### 3. Strategic Use of Data

DSB will benefit from enhancing their collection, analysis and reporting of program data. With enhanced data procedures, it will be easier to compile data, to gain increased understanding from data and to use data to help effective decision-making.

Currently, each program area collects data for their program and reports it as the program director considers appropriate. While this contributes to communicating programmatic successes, it makes it difficult to compare activities or results across programs and it increases the difficulty in telling a comprehensive story about agency outcomes and successes.

The information contained in standardized reports should mirror the indicators of program success contained in the agency's strategic plan. The use of a standardized set of report templates may ease staff burden in creating custom charts and tables for reporting program outcomes.

A standardization of reporting definitions, formats and contents will be useful for reporting agency measures and strategies as well as for reporting outcomes. An agency can adopt any approach it prefers, but consistency in formats and definitions will make it easier for DSB staff to use data strategically.

Goal: Increase the strategic use of data.

Strategies: To achieve this goal, DSB will;

- identify key stakeholders and the types of information they need;
- create standardized data reporting tools across DSB programs (including Washington's GMAP for reporting to the Governor's office so that:
  - definitions are consistent across agency programs;
  - each program area reports similar categories of successes and outcomes;
  - each report serves a specific purpose which can be described in a descriptive report title;
- use standardized agency measures for tracking agency progress and program progress;
- develop evaluation strategies and models using program outcome data to compare programs' results over time and with other programs; and
- develop a multi-year plan for staff development and providing DSB staff with skills and tools for collecting, analyzing, and using data as a tool to

help make decisions and for guiding program improvement decisions. This may also include Excel functions for analysis and reporting.

#### Methods of Evaluation

- Identification of stakeholders and types of information needed.
- Development of standardized reporting packages.
- Development of a plan for staff development.

Technical Assistance: RSA will provide technical assistance in data quality, reporting of data, and enhancing the use of data.

#### 4. Effective use of Strategic Planning

Issue: An integrated and aligned strategic planning process between DSB and its component parts may help DSB achieve its goals. As DSB and its components share common goals and objectives, and as, in addition, each has unique goals, it is important to have a common or standardized approach to planning that balances the need for agency standardization with the need for program specific objectives and targets. The challenge that many organizations, including DSB, face is coordinating a multitude of strategic plans prepared at different levels of the organization. Each plan is thoughtful and meets the needs of the sponsoring entity. The desired goal is that all of the plans are aligned so the relationship between them is clear and the agency goals shape all subordinate goals and program goals fit within the larger agency goals.

Goal: Develop a common structure for Strategic Planning initiatives and activities agency wide.

Strategies: To achieve this goal, DSB will:

- develop strategic planning format and definitions of key terms used in planning;
- align VR state plan with the agency plan;
- align the agency plan with OTC plan and with all other program specific plans that exist within the agency; and
- use external facilitator to gain familiarity with strategic planning processes so they can apply evenly across agency.

#### Technical Assistance

- RSA can provide guidance and technical assistance in the technical aspects of plan development.
- RSA can provide assistance in developing plans.
- RSA can provide assistance in reviewing plans for consistency and for alignment.

## VR and SE Recommendations

### Program Integration

The RSA representatives met with a number of individuals within Washington DSB and were provided the opportunity to receive orientations to the various programs. DSB has a general VR structure with 4 teams that cover 39 counties. The VR counselors send selected individuals to the Orientation and Training Center (OTC) for training. DSB's OTC provided orientation and other training to program participants. The OTC has adaptive skills assessment and training components and, similar to the VR function, assists individuals with career planning and employment. The Child and Family program covers birth to 21 and provides, among other services, transition services to individuals including assistance in the development of IPE's. The AT unit provides training, evaluation and job site assistance with establishing and setting up technology. The low-vision clinic assists with evaluation, training and support for vision and technology issues. DSB also maintains significant contact with DVR on consumers that have multiple disabilities.

Overall, RSA noted that in certain components to the DSB program operations, there was a lack of coordination and integration of services both internally as well as externally. In terms of external coordination, the DSB VR counselors advised RSA that confusion exists between Washington DVR and DSB regarding who serves specific individuals with visual impairments or to what degree and under what situations this cooperation should occur. In terms of the internal components to DSB's programs, RSA observed and was advised:

- DSB clients reported that they had significant concerns regarding the lack of collaboration that exists between VR and the OTC.
- DSB clients stated that they are not exposed to a full array of IT and AT services and that these services are not always provided in a timely manner.
- DSB management reported that 25% of the VR caseloads require job development despite the fact that the OTC staff work on employment issues.

In light of the above, RSA recommends that DSB:

- review and possibly enhance the current memorandum of understanding and work with Washington DVR to clarify the appropriate agency to serve individuals who are blind/visually impaired and develop a procedures manual that outlines the process for counselor use;
- develop a system that provides for more coordination and cross communication among its various components and program participants so that it has a more integrated and seamless system that provides comprehensive services to the blind population.



**CHAPTER 5: FISCAL REPORT FOR BLIND AND VISUALLY  
IMPAIRED PROGRAMS**

RSA reviewed DSB’s fiscal management of the VR program. During the review process RSA provided technical assistance 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 # 3**

**Fiscal Data for DSB for FY 2002 through FY 2006**

<b>Washington (B)</b>					
<b>Fiscal Year</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Grant Amount</b>	6,057,895	6,203,152	6,331,062	6,290,686	6,751,827
<b>Required Match</b>	1,639,557	1,678,871	1,713,489	1,702,562	1,827,369
<b>Federal Expenditures</b>	6,057,895	6,203,152	5,934,112	5,998,424	6,227,762
<b>Actual Match</b>	1,875,630	1,795,864	1,858,920	2,203,205	1,467,369
<b>Over (Under) Match</b>	236,073	116,993	145,431	500,643	(360,000)
<b>Carryover</b>	0	0	396,950	292,262	524,065
<b>Program Income</b>	303,600	14,681	26,993	0	0
<b>Maintenance of Effort (MOE)</b>	1,264,645	1,505,830	1,858,920	1,795,864	1,858,920
<hr/>					
<b>Administrative Costs</b>	1,559,099	1,401,711	1,315,190	1,652,211	1,348,126
<b>Total Expenditures</b>	8,709,999	8,765,106	8,478,505	8,696,329	8,088,354
<b>Percent Admin Costs to Total Expenditures</b>	17.90%	15.99%	15.51%	19.00%	16.67%

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 reallocation process, or additional grant funds received through the reallocation process.

Match (Non-Federal Expenditures): The non-Federal share of expenditures in the Basic Support 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 community rehabilitation program. 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 maintenance of effort provisions. Effective Federal FY 1993 and each Federal fiscal year thereafter, the maintenance of effort 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 maintenance of effort requirements are two separate requirements. Each must be met by the state.

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During the review process, RSA provide fiscal technical assistance to DSB. 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, maintenance of effort (MOE), carryover, reallocation, program income, liquidation of outstanding obligations and grant closeout.
- Conducted one day of intensive financial management training for 10 financial staff from the Department of Services for the Blind and the Division of Vocational Rehabilitation. Topics covered included: VR Program formula, allotment process and program cost of living increases, match/overmatch, maintenance of effort, carryover, grant period, liquidation of obligations, grant closeout, prior approval requirements, program income, allowable costs, guidance and reference materials, financial reports, and reallocation.
- Discussed change in funding split resulting in increased resources.
- Advised staff of OMB Circular A-87 requirements related to charging indirect costs to federal grant programs.
- Advised staff of OMB Circular A-87 requirements related to charging budgeted salary costs to federal grant programs.

- Discussed expenditures made under the VR Program's innovation and expansion (I & E) authority and the allowability of charging expenses related to the SILC's resource plan to I & E (Since the agency receives less than \$50,000 each year for the IL - Part B program, this shift in funding will provide additional resources for the provision of services to IL consumers.)
- Reviewed sources of match for the VR Program and the fact that in FY 2006 DSB utilized \$352,000 in Business Enterprise Program (BEP) expenditures from vending machine income as match for the VR Program, with no federal VR Program funds being used to support this program (this strategy enabled the agency to drawdown and utilizes an additional \$1,300,582, or 19.3 percent of its federal VR Program allotment).
- Reviewed with staff the practice of charging BEP vendor training to the VR Program (since this training is included in each consumer's Individualized Plan for Employment (IPE) and is required to achieve his or her employment objective, this is an allowable and appropriate charge to the VR Program).
- Obtained and input all Financial Status Reports (SF-269s) not previously entered into RSA's Management Information System (MIS) for all formula grant programs and reviewed reports with agency staff, made corrections, and approved all reports for FYs 2002 – 2007. DSB was advised that, with the exception of the VR Program (Basic Support Program), quarterly reports should not be submitted for any other formula grant program.
- Reviewed DSB's reported administrative costs that are much higher than the national averages for all VR agencies and all Blind agencies. This review disclosed that, contrary to instructions issued by RSA, DSB is allocating the costs of field offices to this category. Taking this action will considerably reduce these costs and bring DSB's administrative costs more inline with national averages.
- Reviewed DSB's reported administrative costs that are much higher than the national averages for all VR agencies and all Blind agencies. This review disclosed that, contrary to instructions issued by RSA, DSB is allocating the costs of field offices to this category. Appropriately removing these charges from the administrative costs line, will considerably reduce the administrative cost level and bring DSB's administrative costs more inline with national averages.
- DSB was advised to revise the RSA-2 report submitted for FY 2006 to correctly report administrative expenditures, once the agency has taken appropriate action to comply with this request.

## VR and SE Performance Issues, Goals, Strategies, and Technical Assistance

### 1. Cost Allocation

Issue: Administrative/indirect costs are not properly allocated to RSA-funded programs. During the onsite review, DSB provided documentation to RSA to support that the Rehabilitation Services Administration, Region X Office, reviewed and determined to be approvable the use of a cost allocation plan rather than an indirect cost rate to allocate indirect costs. This action was taken on April 5, 1991. Since that time the approved bases have been changed, with no documentation to support when the current allocation methodologies were instituted or approved. From RSA's limited onsite review, it was determined that the bases currently used are inappropriate for the type of expense being charged.

Goal: Ensure that costs are allocated in accordance with the requirements in OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments."

Strategy:

- Develop and submit for RSA's review, a new cost allocation plan with appropriate allocation bases. This plan must contain updated information on all federal and non-federal programs that DSB is responsible for administering and funding information related to each program.
- Since the U.S Department of Education is the cognizant federal agency for DSB, the new cost allocation plan must be submitted to the U.S. Department of Education, Office of the Chief Financial Officer, Indirect Cost Group, for final review and approval.

Technical Assistance: RSA and Department of Education's Indirect Cost Group staff will provide technical assistance on the development of a quality cost allocation plan.

#### 1. Salary Charges

Issue: OMB-Circular A-87 requires: (1) semi-annual certifications for (or from) all staff working full-time on one grant program or cost objective; (2) maintenance of time distribution records for staff (not included in an indirect cost pool) that work on more than one grant program or cost objective, and (3) periodic adjustment of any budgeted salary charges to actual salary charges.

Goal: DSB will ensure compliance with the compensation for personnel services requirements in OMB Circular A-87, Attachment B, Paragraph 11, for salaries charged to the VR Program.

Strategy:

- Outline procedures and identify responsibilities to ensure that semi-annual certifications are completed by, or for, all employees who spend 100 percent of their time working on one federal grant program each fiscal year, beginning with FY 2007.
- Upon completion, submit these procedures and the form(s) used to document the results of this process to RSA for review and comment.
- Develop and institute procedures to identify all staff required to maintain time distribution records.
- Meet with RSA to discuss the positions identified and the methodology that will be used to charge salary costs to federal programs for these individuals/positions. At this meeting, unless daily time distribution records will be maintained, the agency should have documentation available to support approval of the allocation methodology.
- Develop and institute procedures to ensure that individuals whose salaries are initially charged to federal grant programs based upon budgeted amounts are appropriately identified, documentation is maintained to adjust budgeted costs to actual, and adjustments are made within the timeframes prescribed in OMB Circular-87.

Technical Assistance: RSA will consult with DSB on a quarterly basis throughout this process to provide technical assistance, review draft policies and procedures, and ensure that all identified issues have been appropriately addressed.

#### VR and SE Issues for Further Review

Throughout FY 2008 RSA will:

- continue monitoring activities to complete verification of the accuracy of the RSA-2 (Annual Vocational Rehabilitation Program/Cost Report); and
- determine the extent to which indirect costs were not properly allocated to RSA-funded programs in FYs 2003 – 2008.

## Chapter 6: IL Program

### Program Organization

There are currently seven CILs in WA. Five CILs are located in western Washington with two serving the predominately rural areas of eastern Washington. Four of the seven CILs reside in the greater Puget Sound area where Seattle and a majority of the state's population reside.

Each CIL receives Title VII, Part B and Part C funds with each center receiving an equal amount. DVR has been contracting 100 percent of their Title VII Part B funds to CILs since July of 2003.

DVR provides the WASILC and WSRC with office space located in the same building as DVR and DSB state headquarters. The WASILC has a full-time Executive Director and shares a full time office support staff with the SRC. The WASILC recruits potential members to the SILC and makes recommendations for appointments to the Governor's office for final decisions on appointments. WASILC has eight members, two represent state government and thus serve in ex-officio status.

**Table 4:**

### **Sources and Amounts of Funding (FY 2006)**

	Amounts of Funding
Part B Funds	351,312
Older Blind	617,336
Other Federal Funds	0
State Funds	357,949
Local Government	0
Private/Other Funds	170,000
Total	1,496,597

### Provision of Technical Assistance to the IL Program During the Review Process

RSA provided technical assistance to DSB, DVR and the WASILC in a number of IL program areas during the review process. RSA:

- reviewed roles and responsibilities of IL partners;
- provided guidance on SPIL development; and
- advised on future opportunities and strategies to maximize outcomes.

## IL Issues Identified by DSB, DVR and Stakeholders During the Review Process

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

- insufficient resources available to provide comprehensive IL services; and
- lack of effective collaboration between IL and VR communities.

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

## IL Performance Issues, Goals, Strategies, and Technical Assistance

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

### 1. Low IL System Capacity

Issue: The WA IL community has historically operated with low to moderate funds in the CIL system. One direct cause for this is the lack of formal cooperation between IL (SILC or CILs) and VR or other agencies serving people with disabilities. Individual CILs may have relationships with community partners but this partnership rarely exists in any structured statewide manner.

In the last three to four years the WA IL community has experienced a few changes that place it in a unique position to address these concerns:

- In July of 2003 DVR began contracting all of the Title VII Part B dollars directly to CILs. These funds currently total \$351,312.

However, the contracts are written in such a way that they lack concrete services that will be provided. DVR has identified this as a barrier to effectively providing statutorily required monitoring of Title VII dollars.

The DVR director has expressed a desire to increase contracting with CILs to provide IL services that would enhance VR outcomes (e.g. IL evaluations, benefits planning). This could be a tremendous enhancement to CILs funding and capacity.

- Aging and Disability Services Administration (ADSA) in Washington was recently awarded a Money Follows the Person demonstration grant. On-site meetings with ADSA staff demonstrated a strong interest to contract with CILs as a method to meet requirements of this grant.



Administration in both ADSA and DVR acknowledge that contracting with CILs could be a major benefit to their programs. At the same time they acknowledge a need for CILs to gain capacity around handling fee-for-service contracts in a volume and type that most CILs have not previously dealt with. Both ADSA and DVR are willing to provide training in this area.

DSB IL does not have the capacity to cover the same range of issues as a typical CIL. CILs however are, by definition, cross-disability and therefore rarely have the internal skill sets necessary to address the most complicated issues related to vision impairment that DSB IL does (e.g., mobility training, daily skills training, etc.).

Goal: Increase the Capacity of the Independent Living Community (including CILs and SILs).

To achieve this goal, the IL community will:

- rewrite the Part B contract to reflect more measurable goals and definable activities. Assure that designated activities are clear enough to facilitate a clear understanding of what services are covered by the contract and what other services can be provided on a fee-for-services basis;
- provide training and other education to maximize capacity among IL Centers to provide fee-for-service work with VR; and
- explore opportunities for OIB/IL and CIL staff to cross-train by having on-site partnerships between CILs and DSB IL staff or contractors.

Technical Assistance:

- RSA will provide guidance on best practices for effective IL-VR partnerships.
- RSA will be available to review new Title VII Part B contracts and provide recommendations when necessary.

## Chapter 7: OIB Program

### Program Organization

WA receives \$1,106,250 per year to operate OIB services, of which \$617,336 comes from Title VII, Chapter 2. At the time of the review these funds covered 24.2 FTEs, of which 3.1 FTEs are stage agency staff, the balance being contractors.

The 24.2 FTEs served a total of 2031 consumers in FY 2006. Most consumers fell between the ages of 80 and 89, which is typical for OIB programs. OIB did however show a higher than typical number of consumers between the ages of 70 – 79 and 90+, this last group comprising 36 percent of the consumers served. Over 90 percent of the consumers reported being legally blind or having a severe visual impairment with only 2.4 percent reporting being completely blind. Time since onset of significant vision loss varied widely, with 10 or more years being the largest single group.

Only three percent of consumers report living with a personal care assistant who is not a spouse. Eighty-seven percent live either in a private residence or in a community residential setting. Twelve percent live in either an assisted living facility or nursing home type facility. Fifty percent of referrals came from either self-referral or family/friend.

OIB reported none of three service categories (assistive devices, training and other) showed a predominate usage over others, although training showed a slightly higher amount of services provided.

### Provision of Technical Assistance to the OIB Program During the Review Process

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

- discussed strategies for community collaboration; and
- provided information/training on IL regulations.

### 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. Identifying the most effective service provision method was identified as an issue.

## OIB Performance Issues, Goals, Strategies, and Technical Assistance

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

### 1. Identifying Long-Term Vendor Structures That Meets the Unique Needs of Rural and Urban Locations

Issue: OIB services throughout WA are provided almost exclusively through vendors. Conversations with rural providers indicates that current capacity is barely meeting needs and often suffers from spending long amounts of time travelling for a relatively few number of consumers. There is significant concern, from vendors and administration, that the current structure will be severely challenged if consumer demands increase.

OIB administration is further challenged by the fact that rural areas often do not possess enough consumers to warrant establishing a vendor base within immediate geographical proximity.

Goal: To identify vendor structures that meet unique needs of rural and urban locations

To achieve this goal, OIB will:

- identify needs of future growth in population; and
- investigate alternative vendor structures for urban and rural settings.

Technical Assistance: RSA will provide guidance on possible vendor structures, including any applicable best practices

## Chapter 8: Progress On Issues Raised In Previous Reviews Of The Division Of Vocational Rehabilitation Program

As a result of the RSA review conducted with DVR in FY 2003-2004, the agency developed a Corrective Action Plan (CAP).

### Corrective Action Plan

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

- incorrect eligibility determination;
- implementation of presumptive eligibility;
- insufficient information in case records to identify and describe all rehabilitation needs;
- insufficient information developed to select vocational goal;
- inadequate practice of informing individuals about application requirements related to time between referral and application;
- lack of ensuring eligibility is made in 60 days or documenting applicant agreement to an appropriate extension;
- lack of ensuring all services identified in the IPE are necessary to reach the state employment outcome;
- lack of appropriately amending IPEs to include all relevant services when rehabilitation and employment goals change;
- insufficient identification of necessary services;
- insufficient and inaccurate documentation of successful outcomes;
- inappropriate amendments to IPEs, including homemaker as the employment goal and services needed to achieve goals;
- insufficient documentation when changing from competitive goal to homemaker; and
- lack of sufficiently implemented certification process.

DVR implemented significant improvements to training of staff in documentation requirements, timelines associated with each status, determining appropriate services and documenting decisions (services needed, IEP goals and closure status). DVR also instituted significant increases in quality assurance practices including annual statewide review of 250 cases and significant changes to their internal data tracking system (STARS). These activities had lead to successful resolution of the issues listed above.

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

1. Agreement with Public Institution of Higher Education: DVR and DSB are working in partnership on this issue.

Status: DVR and DSB have been working closely with IHE over the last year. As of the date of this report both parties have come to an agreement as to the specific details of a PIHE agreement. Current work revolves around contract language and format. The agency expects to meet the September 30, 2007 deadline.

## **CHAPTER 9: STATUS OF ISSUES RAISED IN PREVIOUS REVIEWS OF THE DIVISION FOR THE BLIND AND VISUALLY IMPAIRED PROGRAM**

As a result of the RSA review conducted with DSB in FY 2003-2004, the agency developed a CAP.

### **Corrective Action Plan**

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

- insufficient information to determine the presence of a disability;
- insufficient compliance with presumptive eligibility for individuals receiving SSI or SSDI;
- insufficient assessment information to identify and describe all VR needs;
- untimely development of IPEs;
- insufficient assessment information to identify and describe all of the eligible individual's VR needs; and
- insufficient changes to goal status when changes occur
- insufficient service rate of minorities.

Since the review that generated these findings DSB has developed a new field services case review guide, significantly increased training of counselors to educate on case requirements and guidelines, focused on quality vocational assessments and increased the number and frequency of case review activities. These actions have led to the completion of the above listed findings.

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

**1. Agreement with Public Institution of Higher Education:** DVR and DSB are working in partnership on this issue.

**Status:** DVR and DSB have been working closely with IHE over the last year. As of the date of this report both parties have come to an agreement as to the specific details of a PIHE agreement. Current work revolves around contract language and format. The agency expects to meet the September 30, 2007 deadline.

## Chapter 10: Summary Conclusion

Over the last few years DVR has been dealing with large waiting lists, extremely high costs per employment outcome, low rehab rates and significant discontent among community partners and consumers. All or most of these can be directly tied to the presence and duration of such a large waiting list. DVR has been proactively addressing these issues. At the time of writing this report the rehabilitation rate since January 1, 2007 is 52.6 percent, higher than it has been for over two years. DVR has also taken over 6,000 consumers off of the waiting list since January 1, 2007 and is now serving individuals in the highest priority category with no waiting.

DVR is making these gains by addressing underlying issues such as CRP utilization, caseload efficiency, and relationships with community partners and consumer relations. Working through these issues has also necessitated new fiscal and programmatic forecasting tools. DVR has done a highly effective job in developing and using these systems. This success should serve them well as they continue to make progress on OOS related issues.

IL in Washington has historically had low capacity levels and as a result struggles with uncovered portions of the state. The IL community has however recently experienced a number of new opportunities that could very well lead to significant increases in dollars and services available to consumers. These opportunities include new staff, with extensive IL experience, in key statewide positions. Furthermore, community partners are extending significant funding relationship opportunities that fit clearly into the IL mission.

DSB has been dealing with increasing caseloads, a declining rehab rate and the corollary issue of high costs per employment outcome. DSB has many internal programs that attempt to work together to maximize employment outcomes. With these many internal programs DSB has, as can be expected in this environment, experienced difficulties in focusing these many programs around a few central themes. This focus, when implemented, should coalesce their multiple programs around employment outcomes while retaining each programs unique contribution.

DSB has also struggled with an inadequate CRP base and as a result are working to enhance the amount and quality of community resources available to maximize outcomes. These efforts are focused on expanding the size and proficiency of the CRP network and building cross training relationships where IL and OIB staff can interact with existing IL community resources.

Related to these activities is the ability to track, report and utilize data in a meaningful and productive manner. Once accomplished these new tools should not only allow DSB to better track and utilize data to improve agency performance, they will empower DSB to communicate exactly how it is achieving

these employment outcomes and what role each of its components is playing in these outcomes. This should greatly enhance DSB’s ability to market to and partner with a variety of community partners.

Table 5 summarizes the results of RSA’s review.

<b>Agency: DVR</b>		
Program: VR		
Goal	Strategies	Technical Assistance
1. DVR will manage its resources in an effective manner so that it can improve the quantity and quality of employment outcomes achieved by individuals with disabilities.	<ul style="list-style-type: none"> <li>- DVR will conduct caseload analysis to determine how many new applications each office should be targeting to maintain full caseload capacity as it eliminates the waiting list for services;</li> <li>- DVR will establish new area office targets for applications;</li> <li>- DVR will manage caseload growth and anticipated expenditures through use of projection tools and the ongoing monitoring of performance and expenditures; and</li> <li>- DVR will train field staff on how to build and manage full caseloads when the agency is no longer implementing the OOS.</li> </ul>	To assist DVR to achieve the goal, RSA will inform DVR of any effective practices used by other agencies with respect to the management and reduction of large waiting lists under an OOS.



<p>2. DVR will develop a CRP business model that meets the needs of the agency and enhances provider effectiveness.</p>	<ul style="list-style-type: none"> <li>- Analyze and evaluate CRP contract results and their relationship to rehabilitation outcomes; establish performance targets;</li> <li>- Publish and disseminate reports that reflect CRP contract results;</li> <li>- Build capacity of CRPs to offer benefits planning on a fee for service basis in high demand areas; and</li> <li>- Assess CRP capacity issues related to current caseload and referral levels.</li> </ul>	<p>RSA will inform DVR of any effective practices used by other agencies to address this issue, and will identify additional technical assistance resources as requested by the agency.</p>
<p>3. The governor will appoint a representative of the CAP to the SRC for DVR, in accordance with 34 CFR 361.17(b)(1)(iii), by September 30, 2007.</p>		<p>RSA is available to provide further explanation to DVR, the SRC and representatives of the governor's office regarding the regulatory provisions concerning the appointment of a representative from the CAP to the SRC</p>
<p>Recommendations</p>		

1. RSA discussed with financial staff the current status of repeat audit findings that appeared in the State of Washington's FYs 2003, 2004 and 2005 Single Audits. The agency had not complied with the OMB Circular A-87 semi-annual certification requirement applicable to all employees who spend 100% of their time working on one federal grant program (or cost objective). In the state's Single Audit for state fiscal year 2006, part of the salaries of six employees, assigned to other components of the Department of Social & Health Services, were charged to the VR Program based upon pre-determined budgeted amounts. The employees in question do perform work for several components; however, no adjustments to actual costs were made.

DVR has taken action to ensure completion of the semi-annual certification and will switch funding for the positions in question to 100% state (non-match). Because the employees in question are not assigned to DVR, the agency does not have the authority to require them to keep time distribution records. Upon review, RSA recommends that DVR enter into a contractual arrangement to reimburse the State for services performed by these non-VR employees. Appropriate documentation would have to be maintained, submitted, reviewed and approved before payment is made.

DVR has stated that the charges for the employees in question will be switched to 100 percent state funding. Upon receipt of final SF-269s, RSA will make an official determination related to the repayment of grant funds if DVR has not removed the salary charges from previously reported FY 2006 expenditures. In determining the amount of payback, if any, the harm to the federal interest will be weighed against the benefit received from the services performed by these six individuals.

2. To have a better understanding of how their specific work ties to the overall agency mission, financial staff (at all levels) should be provided opportunities to be exposed to various areas of the VR programs that the agency administers. Suggested activities include site visits with community providers, spending a day shadowing VR Counselors, and attending all or part of internal training sessions geared toward program staff.

Program: IL

Goal

1. Increase Capacity of Independent Living Community (including CILs and SILSs)	When appropriate rewrite Part B contract to reflect more measurable goals and definable activities. Assure that designated activities are clear enough to facilitate a clear understanding of what services are covered by the contract and what	-RSA will provide guidance on best practices for effective IL-VR partnerships.  - RSA will be available to review new Title VII Part B contracts and provide recommendations when necessary.
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	<p>other services can be provided on a fee-for-services basis</p> <ul style="list-style-type: none"> <li>- Maximize capacity among IL Centers to provide VR and AASA services (benefits planning, IL evaluations) on a fee for service basis. Utilize training opportunities to build necessary capacity</li> <li>- Explore opportunities for WASDSB IL and CIL staff by having on-site partnerships between CILs and DSB IL staff or contractors. This would allow for immediate staff and interaction, cross training and immediate access to specialized resources for CIL consumers. May work best with a few demonstration sites</li> </ul>	
<b>Agency: DVR</b>		
Program: VR		

<b>Agency: DSB</b>		
Program: VR/SE		
Goal	Strategies	Technical Assistance
1. Enhance OTC services as a method to improve quantity and quality of employment outcomes.	<ul style="list-style-type: none"> <li>- Enhance employment focus of OTC.</li> <li>- Increase communication between counselors, OTC staff and consumers.</li> <li>- Establish IPE goals as early in OTC process as possible.</li> </ul>	RSA will inform DSB of effective strategies used by other agencies for the blind to focus OTC training on employment.
2. Increase productivity	- Increase collaboration	RSA will inform DSB of

<p>of CRPs system</p>	<p>among DSB and CRP staff regarding the services provided to DSB consumers.</p> <ul style="list-style-type: none"> <li>- Conduct regular meetings among DSB counselors and CRP staff to review individual accomplishments and identify challenges to the achievement of the employment outcome.</li> <li>- Develop training programs to build CRP capacity.</li> <li>- Develop a “report card” for each CRP to provide evaluation of its performance and establishment of clear expectations for performance goals for the subsequent fiscal year.</li> <li>- Enhance of quality assurance activities, including the conduct of on-site reviews of each CRP throughout the state on a yearly basis to verify reported data and the quality of services.</li> </ul>	<p>effective contract models used by other blind agencies that have lead to improved performance and greater accountability.</p>
<p>3. Increase the strategic use of data</p>	<ul style="list-style-type: none"> <li>- Identify key stakeholders and the types of information they need</li> <li>- Create standardized data reporting tools across DSB programs (including Washington’s GMAP for reporting to the Governor’s office so that</li> </ul>	

	<ul style="list-style-type: none"> <li>- Definitions are consistent across agency programs</li>   <li>- Each program area reports similar categories of successes and outcomes <ul style="list-style-type: none"> <li>-Each report serves a specific purpose which can be described in a descriptive report title</li> </ul> </li>   <li>- Use standardized agency measures for tracking agency progress and program progress <ul style="list-style-type: none"> <li>Develop evaluation strategies and models using program outcome data to compare programs' results over time and with other programs</li> </ul> </li>   <li>- Develop a multi-year plan for staff development and providing DSB staff with skills and tools for collecting, analyzing, and using data as a tool to help make decisions and for guiding program improvement decisions. This may also include Excel functions for analysis and reporting.</li> </ul>	
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<p>4. Develop a common structure for Strategic Planning initiatives and activities agency wide.</p>	<ul style="list-style-type: none"> <li>- Develop strategic planning format and definitions of key terms used in planning.</li> <li>- Align VR state plan with Agency plan.</li> <li>- Align Agency plan with OTC plan and with all other program specific plans that exist within the agency.</li> <li>- Use external facilitator to gain familiarity with strategic planning processes so they can apply evenly across agency.</li> </ul>	<ul style="list-style-type: none"> <li>- RSA can provide guidance and technical assistance in the technical aspects of plan development.</li> <li>- RSA can provide assistance in developing plans.</li> <li>- RSA can provide assistance in reviewing plans for consistency and for alignment.</li> </ul>
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<p>5. Ensure that costs are allocated in accordance with the requirements in OMB Circular A-87, “Cost Principles for State, Local and Indian Tribal Governments.”</p>	<p>(1) Develop and submit for RSA’s review, a new cost allocation plan with appropriate allocation bases. This plan must contain updated information on all federal and non-federal programs that DSB is responsible for administering and funding information related to each program. (2) Since the U.S Department of Education is the cognizant federal agency for DSB, the new cost allocation plan must be submitted to the U.S. Department of Education, Office of the Chief Financial Officer, Indirect Cost Group, for final review and approval.</p>	<p>Technical Assistance: RSA and Department of Education’s Indirect Cost Group staff will provide technical assistance on the development of a quality cost allocation plan.</p>
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<p>6. (1) Ensure that semi-annual certifications are competed for all employees who spend 100 percent of their time working on one federal grant program. (2) Ensure that salaries are only charged to federal grant programs in accordance with the approved methodology for documenting salary charges for those individuals working on more than one grant program. (3) Ensure that salaries initially charged to federal grant program based on budgeted amounts are adjusted to actual costs as prescribed in OMB Circular A-87.</p>	<p>Strategy: (1a) Outline procedures and identify responsibilities to ensure that the certifications are completed for each fiscal year, beginning with FY 2007. (1b) Submit these procedures and the form(s) used to document the results of this process to RSA for review and comment. (2a) Develop and institute procedures to identify all staff required to maintain time distribution records. (2b) Meet with RSA to discuss the positions identified and the methodology that will be used to charge salary costs to federal programs for these individuals/positions. At this meeting, unless daily time distribution records will be maintained, the agency should have documentation available to support approval of the allocation methodology. (3) Develop and institute procedures to ensure that individuals whose salaries are initially charged to federal grant programs based upon budgeted amounts are appropriately identified, documentation is maintained to adjust budgeted costs to actual, and adjustments are made within the timeframes prescribed in OMB Circular-87.</p>	<p>RSA will meet with DSB on a quarterly basis throughout this process to provide technical assistance, review draft policies and procedures, and ensure that all identified issues have been appropriately addressed.</p>
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<b>Recommendations</b>		
1. Review and possibly enhance the current memorandum of understanding and work with Washington DVR to clarify the appropriate agency to serve individuals who are blind/visually impaired and develop a procedures manual that outlines the process for counselor use;		
2. Develop a system that provides for more coordination and cross communication among its various components and program participants so that it has a more integrated and seamless system that provides comprehensive services to the blind population.		
3. DSB gain a better understanding of how their specific work ties to the overall agency mission, financial staff (at all levels) should be provided opportunities to be exposed to various areas of the VR programs that the agency administers. Suggested activities include site visits with community providers, spending a day shadowing VR Counselors, and attending all or part of internal training sessions geared toward program staff..		
<b>Program: OIB</b>		
<b>Goal</b>	<b>Strategies</b>	<b>Technical Assistance</b>
1. To identify vendor structure(s) that meet unique needs of rural and urban locations	<ul style="list-style-type: none"> <li>- Identify needs of future growth in population</li> <li>- Investigate alternative vendor structures for urban and rural settings</li> </ul>	RSA will provide guidance on possible vendor structures, including any applicable best practices

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>