# FEDERAL FISCAL YEAR 2023 REPORT ON THE REVIEW OF TEXAS VOCATIONAL REHABILITATION DIVISION VOCATIONAL REHABILITATION AND SUPPORTED EMPLOYMENT PROGRAMS

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# SECTION 1: THE SCOPE OF THE REVIEW

## A. Background

Section 107 of the Rehabilitation Act of 1973 (Rehabilitation Act), as amended by Title IV of the Workforce Innovation and Opportunity Act (WIOA), requires the Commissioner of the Rehabilitation Services Administration (RSA) to conduct annual reviews and periodic on-site monitoring of programs authorized under Title I of the Rehabilitation Act to determine whether a vocational rehabilitation (VR) agency is complying substantially with the provisions of its State Plan under Section 101 of the Rehabilitation Act and with the evaluation standards and performance indicators established under Section 106 of the Rehabilitation Act subject to the performance accountability provisions described in Section 116(b) of WIOA. In addition, the Commissioner must assess the degree to which VR agencies are complying with the assurances made in the State Plan Supplement for Supported Employment Services under Title VI of the Rehabilitation Act. In conducting the annual reviews, RSA must consider, at a minimum, budget and financial management data (Section 107(a)(2)(I) of the Rehabilitation Act); and, pursuant to Section 107(a)(4)(B) of the Rehabilitation Act, RSA must examine the provision of services, including pre-employment transition services.

RSA works closely with its Federal partners at the U.S. Department of Labor's Employment and Training Administration (ETA) and the U.S. Department of Education's Office of Career, Technical, and Adult Education (OCTAE) to share monitoring and technical assistance activities, especially as they relate to the joint provisions under WIOA. Although the VR program is one of the six core programs in the workforce development system, it is unique in that State VR agencies provide services directly to individuals with disabilities. Thus, the nature and scope of RSA's monitoring process and report may appear different from the monitoring ETA and OCTAE conduct with their grantees.

In Federal fiscal year (FFY) 2023, RSA conducted an off-site review of the State Vocational Rehabilitation Services program (VR program) and the State Supported Employment Services program (Supported Employment program) administered by the Texas Vocational Rehabilitation Division (VRD). The nature, scope, and focus of this review and the process by which RSA carried out its activities from August 28, 2023 through September 1, 2023, was defined by information regarding the VR agency's use and expenditure of Federal funds, documents, and data submitted by VRD taking into account the goals, unique circumstances, and technical assistance needs of VRD.

RSA—

- Assessed the performance of the VR and Supported Employment programs, including how the VR agency is implementing strategies and practices to achieve continuous improvement in the delivery of VR services, including pre-employment transition services, leading to quality competitive integrated employment and supported employment outcomes for individuals with disabilities;
- Reviewed the VR agency's financial management of the VR and Supported Employment programs, which supports and maximizes the use of Federal funds and resources to

achieve continuous improvement in assisting individuals with disabilities to achieve quality employment outcomes;

- Identified strategies, including innovative practices, the VR agency uses or may employ to improve competitive integrated employment outcomes for individuals with disabilities, including students and youth with disabilities;
- Provided recommendations leading to continuous improvement in the number and quality of outcomes achieved by individuals with disabilities through the VR and Supported Employment programs and recommendations leading to continuous improvement in the VR agency's financial management of fiscal resources and strategies for maximizing the use of Federal grant funds;
- Identified compliance findings and corrective actions to improve processes and procedures, including the development or revision of policies and internal controls supporting effective and efficient program operations, service delivery, and data-based decision making; and
- Provided technical assistance to assist and support the VR agency in developing strategic action plans to improve and maximize program and fiscal performance and the use of Federal funds.

## B. Review Team Participants

Members of the RSA review team included April Trice and Nikki Jeffords (Vocational Rehabilitation Unit); Shannon Moler and Terry Martin (Technical Assistance Unit); Yann-Yann Shieh (Data Collection and Analysis Unit); and Jill Saletta and David Miller (Fiscal Unit). Although not all team members participated in all aspects of the off-site monitoring review, each contributed to the gathering and analysis of information, along with the development of this report.

## C. Acknowledgements

RSA wishes to express appreciation to the representatives of VRD for the cooperation and assistance extended throughout the review process. RSA also appreciates the participation of others, such as the Texas Workforce Commission, the State Rehabilitation Council, and the Client Assistance Program during the review process.

# Section 2: Focus Area – Performance of the State Vocational Rehabilitation Services and State Supported Employment Services Programs

## A. Purpose

Through this focus area, RSA assessed the VR agency's VR and Supported Employment programs' performance in assisting individuals with disabilities, including those with the most significant disabilities, with the necessary services and supports to achieve quality competitive integrated employment. During this focused review, RSA analyzed VR program data, policies and internal controls, and agency practices in implementing VR services within the context of maximizing the use and expenditure of funds to improve program performance. Where appropriate, RSA provided technical assistance and identified findings requiring corrective actions. RSA also provided recommendations, which the agency may consider as it develops a strategic action plan (SAP) to improve performance and maximize the use and expenditure of Federal funds to achieve quality employment outcomes.

## B. Analysis of Performance

RSA's analysis of the VR agency's performance of the VR and Supported Employment programs incorporated a review of data reported by VRD on the Case Service Report (RSA-911) and the WIOA Statewide Performance Report (ETA-9169) for program years (PYs) 2019, 2020, and 2021, as well as the review and discussion of internal controls and policies and requested documents. A review of the VR agency profile and data related to the VR process, VR services, quality of employment outcomes, and pre-employment transition services, as well as discussions with VRD of potential factors influencing program performance informed the analysis and helped to identify technical assistance needs and recommendations to improve the performance and management of the VR and Supported Employment programs.

### VR Agency Profile

The VR agency profile provides a summary of data designed to capture some of the most salient information about VRD's performance in the most recently completed program years. Among the data represented are the number of applicants and eligible individuals, the number of participants, the VR agency's employment rate, the number of individuals with disabilities who achieved competitive integrated employment or supported employment, data related to VR process efficiency and services, and data on the WIOA performance indicators. RSA's review of the VR agency profile resulted in the following observations regarding VRD's performance:

- VRD's Federal formula award expenditures fluctuated during the review period from 92.3 percent in FFY 2019, to 69.5 percent in FFY 2020, and 81.7 percent in FFY 2021. VRD attributed the inability to fully expend its award to the pandemic and a lack of State appropriations. In FFY 2019, data show $7,658,800.06 in unused matched net award funds. However, in FFY 2020 unused matched net award funds fell to -$0.83, and to

-$1.15 in FFY 2021. VRD is exploring the use of third-party cooperative arrangements and additional interagency transfers as other sources of non-Federal share. VRD is encouraged to seek technical assistance from RSA as it thoughtfully considers the strategic use of other allowable sources of non-Federal share to maximize its ability to expend all available Federal funds to serve individuals with disabilities.

- From PYs 2019 to 2021, VRD experienced a decline in its employment rate, the number of participants exiting with competitive integrated employment and supported employment, and participants with an individualized plan for employment (IPE) in receipt of services. However, during the same period, VRD experienced an increase in the number of individuals applying for VR services and the number of individuals determined eligible for VR services. VRD attributed the decline in performance during PYs 2019 to 2021 to the COVID pandemic, staff vacancies, and staff attrition.
- During the review period, VRD's employment rate fell from 53.8 percent in 2019 to 47.6 percent in PY 2020, and further declined to 47.2 percent in PY 2021. The number of participants who exited the VR program after achieving competitive integrated employment or supported employment declined from 11,626 in PY 2019 to 10,259 in PY 2020, and slightly increased to 11,013 in PY 2021. The number of participants with an IPE who received VR services decreased from 68,983 in PY 2019 to 65,100 in PY 2020, and again, decreased slightly to 65,044 in PY 2021. The overall number of individuals applying for VR services increased from 25,753 in PY 2019 to 29,433 in PY 2021. The number of individuals determined eligible for the VR program increased from 22,508 in PY 2019 to 24,657 in PY 2021.
- The total number of individuals who received VR services slightly increased from 54,417 participants in PY 2019, to 54,448 participants in PY 2021. However, RSA raised concerns about the low number of service categories reported, including training services and career services. In PY 2021, the top three training services provided to participants were job readiness training (3,668 or 6.7 percent), bachelor's degree training (3,629 individuals or 6.7 percent), and Occupational or Vocational Training (2,183 or 4.0 percent). In PY 2021, the top three career services provided were vocational rehabilitation counseling and guidance (52,842 or 97.1 percent), assessment (14,213 or 26.1 percent), and job placement assistance (6,154 or 11.3 percent). The agency attributed these numbers to the effects of the pandemic.
- In PY 2019, more participants exited the program in competitive integrated employment (38.3 percent) than without an employment outcome (32.9 percent) after receiving services through an IPE. However, from PYs 2020 to 2021, the largest proportion of individuals left the VR system without achieving an employment outcome (41.4 percent) than with competitive integrated employment or supported employment after receiving services through an IPE (40.1 percent). VRD also attributed these numbers to the effects of the pandemic.
- From PYs 2019 to 2021, the most common reasons for closure for all individuals who exited the program, including those who exited prior to receiving services through an IPE, were "no longer interested in receiving services or further services," "unable to locate or contact," and "achieved competitive integrated employment."
- VRD did not meet the pre-employment transition services 15 percent reserve expenditure requirement in FFY 2019, but met the requirement in FFY 2020 and 2021 at exactly 15 percent for each year. The total number of students with disabilities reported by VRD

increased from 19,767 in PY 2019 to 24,598 in PY 2021. Of the students reported, 1,872 students in PY 2019, 9,991 students in PY 2020, and 13,120 students in PY 2021 received pre-employment transition services. The total number of pre-employment transition services provided increased from 4,871 in PY 2019, to 35,875 in PY 2020, to 57,229 in PY 2021.

VRD shared its impressions regarding its performance and offered clarifying information to explain trends in its performance.

## Factors Influencing Performance

Through the analysis of data and documents provided by the VR agency, information from related sources, and discussions with VRD during the review, RSA identified various factors, which may be contributing either positively or negatively to the VR agency's performance leading to employment outcomes for individuals with disabilities and the use and expenditure of Federal funds. In addition to providing technical assistance, as appropriate and in response to VRD's requests, RSA also developed recommendations for consideration by the VR agency as it develops its strategic action plan to ensure continuous improvement in program performance and to maximize the use and expenditure of available Federal funds to assist individuals with disabilities in achieving quality employment outcomes.

### Low Number of Training Services Leading to Quality Employment Outcomes

In regard to the most purchased training services leading to quality employment outcomes over the three-year review period, RSA-911 expenditure data, which is based on program year, show that VRD consistently purchased bachelor's degree training services for 3,587 participants in PY 2019 ($16,207,407), 3,296 in PY 2020 ($16,617,733), and 3,629 ($21,275,275) in PY 2021. For context, the next most-provided training service in terms of expenditures was job readiness training. The agency consistently purchased this service for 2,160 participants in PY 2019 ($2,069,988); 1,972 participants in PY 2020 ($1,899,900); and 1,942 participants in PY 2021 ($2,239,501). The agency reported it has implemented a customer-first approach to provide more training services to its participants. The RSA review team recommended the agency add goals and objectives to measure if it is meeting the targets set forth in the approach.

In regard to career services, RSA-911 expenditure data show that the most purchased career service over the three-year period was diagnosis and treatment of impairment services. VRD consistently purchased this service for 10,650 participants in 2019 ($14,558,528), 9,947 in PY 2020 ($17,495,540), and 10,367 in PY 2021 ($18,317,624). While not prohibited under 34 C.F.R. § 361.48(b)(5), VRD is reminded that it must demonstrate that financial support is not readily available from another source, such as through health insurance or a comparable service or benefit as defined in § 361.5(c)(8)), when providing diagnosis and treatment of impairment services.

The next most provided career service in terms of expenditures was assessment as follows: 11,145 in PY 2019 ($8,735,039); 11,742 in PY 2020 ($9,642,307); and 13,389 in PY 2021 ($11,160,234). The RSA review team noted that over the three-year review period, over half of those who exited with a competitive integrated employment outcome were employed when the initial IPE was developed (PY 2019 – 51 percent, PY 2020 – 53.7 percent, and PY 2021 – 53.7 percent). The RSA review team encourages VRD to also focus on providing a wide range of services and supports leading to high-quality employment for unemployed individuals with all types of disabilities, including those seeking employment for the first time or experiencing long-term unemployment.

VRD attributed the trend of providing diagnosis and treatment services to Texas not being a Medicaid expansion State. This trend may also be driven by the reported use of management unit specialists who assist VR counselors in obtaining referrals from doctors and rehabilitation facilities. The RSA review team recommended that VRD consider implementing a similar process to obtain referrals for individuals in need of training services to achieve competitive integrated employment by collaborating with public institutions of higher education (IHEs). While VR agencies are required to enter into interagency agreements with public IHEs for purposes of negotiating financial responsibilities for accommodations and auxiliary aids and services (Section 101(a)(8)(B) of the Rehabilitation Act and 34 C.F.R. § 361.53(d)), VR agencies may also seek additional avenues for greater collaboration to facilitate postsecondary services and success for individuals with disabilities (e.g., IHE disability services and 504 coordinators). VRD is positioned to provide a range of services that contribute to improved “employment outcomes,” as defined in Section 7(11) of the Rehabilitation Act and 34 C.F.R. § 361.5(c)(15) for individuals with disabilities, including services that increase access to the VR program for individuals with disabilities who have diverse life-experiences and are often underserved. Postsecondary training, including participation in career pathways programs focused on industry-recognized certificates or apprenticeships, can lead to credential attainment and good-paying competitive integrated employment outcomes.

Additionally, data show the agency is consistent in its spending for all services each year with a few exceptions. For instance, in terms of expenditures for training services in PY 2021, the agency provided work-based learning experiences to 704 individuals, for a total of $2,812,682, while no expenditures for work-based learning experiences were reported in the previous two years. The number of individuals receiving graduate degree training also rose from 98 participants in 2019 ($224,619) to 200 participants in 2021 ($743,185). To provide a significant number of additional services to participants, VRD may need to change its service model or contribute more non-Federal share in order to draw down more Federal funds.

VRD reported that it would need approximately $19 million to fully match the FFY 2023 Federal grant. By contributing the required non-Federal share through State-appropriated funds or other allowable sources, VRD receives approximately $3.69 in Federal VR dollars for every non-Federal dollar expended for the cost of administering the VR program under the State’s Unified or Combined State Plan. Most importantly, additional funds would enable VRD to provide more critical services to individuals with disabilities, including individuals with the most significant disabilities, as they pursue employment.

Intentional efforts and maximum investment of resources to provide comprehensive quality VR services will likely lead to improved employment outcomes for individuals with disabilities, consistent with their unique strengths, abilities, interests, and informed choice, that offer family-sustaining wages, long-term labor market attachment, and the opportunity for career advancement. Investing substantially in VR services and training that assists VR program participants to develop optimal skills and educational credentials will help to transform and improve workplace perceptions of the value of workers with disabilities and promote equity of employment opportunities for today's VR program participants and future generations of workers with disabilities.

Non-delegable Responsibilities of the Designated State Unit

A State must designate a State agency (DSA) to administer the VR services portion of the State Plan (Section 101(a)(2)(A) of the Rehabilitation Act). In the event the DSA is not primarily concerned with vocational and other rehabilitation of individuals with disabilities, the DSA must include a VR unit (i.e., the designated State unit (DSU)) for the VR program (Section 101(a)(2)(B)(ii) of the Rehabilitation Act). To comply with these requirements, the State identified TWC as the DSA for the VR program and VRD as the DSU in the approved VR services portion of the Texas Combined State Plan.

As the DSU, VRD must: (1) have a full-time director who is responsible for the day-to-day operations of the VR program; (2) be located at an organizational level and have an organizational status within the DSA comparable to that of other major organizational units of the DSA; and (3) have the sole responsibility within the DSA for expending VR program funds (Section 101(a)(2)(B)(ii)(II), (IV) and (V) of the Rehabilitation Act). Unique among workforce development agencies, the VR program regulations make clear that the DSU's responsibility for the day-to-day operations of the VR program include certain responsibilities that cannot be delegated to another individual or agency, such as: (1) all decisions affecting eligibility for VR services, the nature and scope of available services, and the delivery of those services; (2) the determination to close the record of services of an individual who has achieved an employment outcome in accordance with § 361.56; (3) policy formulation and implementation; (4) the allocation and expenditure of VR program funds; and (5) participation in the one-stop service delivery system established under Title I of WIOA (34 C.F.R. § 361.13(c)(1) and (2)).

The TWC website indicates that three full-time commissioners are appointed to TWC by the Governor, one each representing employers, labor, and the public, and together they oversee the functioning of TWC and development of agency policy. During the review, VRD reported that all VR policy changes must be approved by the TWC three-member commission. VRD explained the statutory responsibilities of the commission, how those responsibilities intersect with policymaking when an agency rule is required, and stated that requested policy changes have historically always been approved. Further, VRD reported that policy changes affecting service delivery to individuals it serves or payment rate structures are examples of items that are submitted formally for commission consideration in a public meeting or informally through written or verbal briefings prior to implementing the desired changes. RSA TAC-12-03 states the VR unit must have clear and direct supervision over VR program staff with regard to program policy, operations, and related program matters. VRD as the DSU, must have a strong voice or provide effective input into the policy, planning, operations, or similar program decisions since policy formulation and implementation are non-delegable responsibilities of the DSU under 34 C.F.R. § 361.13(c)(1) (iii).

The RSA review team also noted that D-101-4 of the VRSM, which outlines the General Appropriations Act (GAA) requirements, states that the GAA is signed by the Texas governor each biennium and gives TWC the authority to spend VR funds. The VR agency is responsible for ensuring the accuracy of financial reports and the satisfaction of all fiscal requirements including match and maintenance of effort. Fiscal functions have been centralized under TWC, the DSA. RSA TAC-12-03 states that while certain purely administrative functions may be performed by personnel outside the DSU, centralization of functions on the State agency level is not permissible if it results in interference with the decision-making capacity of the administrator of the DSU to direct the program in the state, given the DSU has been designated the entity for administering the VR program under the VR State plan (34 C.F.R. § 361.13(b)(1)(i)).

The RSA review team recommends that VRD develop policies and procedures in this area to ensure the requirements of 34 C.F.R. § 361.13(c)(1) and (2) are met in regard to VRD's non-delegable responsibilities for the VR program. VRD is reminded that these provisions are intended to strengthen decision-making affecting the VR program and to ensure key VR programmatic decisions are made by staff with appropriate experience in meeting the needs of individuals with disabilities.

Restrictive Policies and Procedures

On September 1, 2016, the Texas VR programs were transferred to the Texas Workforce Commission (TWC) by the passage of Senate Bill 208, 84th Texas Legislature, which also required the combination of the blind and general VR programs. The VR Program transferred to TWC on September 1, 2016 and two legacy divisions were combined on October 1, 2017. In regard to policies and procedures, the RSA review team heard from agency stakeholders that after the agency reorganized under TWC in 2016, there was a push by TWC to limit VRD's expenditures on VR services, which reportedly may have resulted in the implementation of overly restrictive policies and procedures. The VR agency attributed this push to limit expenditures to the Sunset Advisory Commission report, dated July 2015, and TWC's Accuracy and Timeliness of Payments audit, dated August 2018. As a result, the agency stated that it may have swung the pendulum too far on approvals and internal controls to address issues noted in these two reports. VRD provided its 980-page Vocational Rehabilitation Service Manual (VRSM) for review and reportedly is now planning to review and revise the manual to reduce complexity and to provide tools and supports to assist counselors, as appropriate.

The RSA review team noted that the VRSM contains complicated requirements and processes that may be disincentives for VR counselors to provide training services that lead to credential attainment and competitive integrated employment outcomes for individuals with disabilities. For instance, VRSM C-404 outlines challenging and unclear processes related to providing training services, stating—

> The VR counselor provides ongoing support through regular counseling, guidance, and help with coordinating access to necessary supports throughout the life of the case. This can include assisting the customer in applying for other types of assistance such as Federal aid.
>
> If a counselor has determined that an exception will facilitate a customer's progress and there is not an approval exception listed in policy, counselors are encouraged to staff the

> request through their chain of management to the deputy division director for field services for consideration. VRSM clearly states when no exceptions are allowed.

Further, VRSM D-100 outlines the agencies case service budget process, which states—

> The deputy regional director (DRD) oversees the regional budgets. The DRD's oversight may include determining unit allocations, monitoring encumbrance rates and paid-out rates for each budget line item, cleaning up records from previous fiscal years, and redistributing funds within the region, and that the deputy regional director may delegate authority to perform budget-related tasks at the regional level to subordinates.

The RSA review team interviewed each of the six deputy regional directors in the State and noted that caseload budgets may be managed at the management unit level under a region. The agency further reported it has many opportunities, both required and optional, for training staff on budget and caseload management at the management unit level. The agency provided the Year Round Budget Management Road Show presentation, which includes a document titled, "The Art of Saying No: Saying No and Getting to Yes." The training was required for all staff within VRD. This is consistent with a report from a representative from the Client Assistance Program stating that participants of the VR program in Texas reported that services are "frozen" in the fourth quarter of the fiscal year and are told to wait until the next fiscal year to receive services. While there are no data to support that VR services are "frozen" in the fourth quarter of the fiscal year, this perception of the VR program in Texas among staff and participants may act as a barrier to meaningful and sustained engagement and may also contribute to the high percentage of individuals exiting after receiving services through an IPE without an employment outcome in PYs 2020 and 2021 (41.4 and 40.1 percent).

The RSA review team encouraged VRD to eliminate perceptions of budgetary limitations and stressed VR program requirements in 34 C.F.R. § 361.50(a), which states that an agency's policies must ensure that the provision of services is based on the rehabilitation needs of each individual, as identified in the IPE and consistent with informed choice. While VRD must administer its VR program in an efficient manner by ensuring that the costs to meet the unique rehabilitation needs of each individual are both necessary and reasonable under 2 CFR § 200.403(a), the RSA review team indicated that cost should not be the only factor in determining appropriate services to the individuals VRD serves. In response, TWC representatives expressed concerns about resource needs in terms of the ratio of dollars spent to number of people served. VRD is required by 34 CFR §361.50 to develop policies on the provision of services to individuals that ensure an appropriate balance between fully meeting the rehabilitation and employment needs of the individual and ensuring that the associated costs are reasonable and necessary.

Additionally, VRSM D-203-4 outlines customer participation in the cost of services and provides the following example—

> The cost for a customer to attend a 4-year college or university may cost $7,000 for 15 credit hours. The VR tuition and fees maximum limit for 15 hours is $5,835. If the customer is under BLR [basic living requirements calculation], they will not be required to contribute toward the $5,835. However, the customer will be required to contribute to

> the remaining amount over the maximum limit which in this example is $1,165. The total amount that the customer is required to pay must be received prior to any service authorization being issued. For more information, refer to "Payments" in this section.

The “Payments” section then states that VR counselors must arrange for participants to submit the required amount to VRD by check or money order when direct payment to the provider is not feasible. 34 C.F.R. § 361.50(c) outlines the regulatory provisions for payment of services. Fee schedules are allowable as long as their levels are not so low as to effectively deny an individual a necessary service and are not absolute, i.e., they incorporate provisions to ensure that the rehabilitation needs of the individual are met, notwithstanding the fee schedule level for a particular service. Likewise, VR agency policies cannot establish absolute inflexible dollar limits on specific service categories or on the total services provided to an individual and must have exception processes in place. As with other costs containment strategies, a policy with an exception provision is allowable only to the extent that it provides the necessary safeguards to ensure the effective implementation of the exception, so that the individual's rehabilitation needs are met. Agency policies that require an individual to use loans to offset costs are inconsistent with the nature of the VR program. Even if not explicitly stated, a policy that effectively precludes the provision of out-of-State services is prohibited under 34 C.F.R. § 361.50(b).

RSA reminds VRD that policies that restrict or place limitations on the type, degree, and costs of support provided to individuals attending both in-State and out-of-State postsecondary institutions can deter opportunities for individuals with disabilities to maximize their employment and careers. The full investment in postsecondary training offers VR agencies an avenue for continuous improvement in performance and the quality of employment outcomes for the individuals they serve. VRD asserted that if the individual chooses an out-of-State service at a higher cost than an in-State service, if either service would meet the individual's rehabilitation needs, VRD is not responsible for those costs in excess of the cost of the in-State service. RSA reminds VRD that it must ensure this policy is not applied to recipients of Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI)). See RSA TAC 22-03 for more information on the prohibition against applying financial needs tests or requiring cost participation as a condition for the receipt of VR Services for SSI and SSDI recipients.

As VRD reviews and updates the VRSM, it is encouraged to revise or eliminate policies and practices related to financial needs tests and cost participation that may limit or discourage individuals with disabilities in their choice to access VR services or in the selection of career goals. The agency should also consider revising or eliminating overly complicated processes in the 980-page VRSM that could be seen as a disincentive for VR counselors to provide training services that lead to credential attainment and good-paying competitive integrated employment outcomes for individuals with disabilities.

As stated in RSA TAC 24-01, meaningful and sustained engagement involves the ongoing cultivation of relationships, supported by a culture that engages both employees and participants. The most effective way of engaging individuals with disabilities throughout the VR process is by putting them first, building trust in their relationships with VR counselors and staff, and adding extraordinary value to their overall experiences and services. Simply providing basic service alone is no longer enough to constitute meaningful engagement with the individual. RSA encourages VR agencies to ensure that services not only meet but exceed the expectations and needs of individuals with disabilities because the quality of VR participants' experiences, i.e., the perception that participants form based on their interactions with the VR agency and the services they receive, has a direct impact on a VR agency's potential for success with those participants. Refer to [RSA Technical Assistance Circular (TAC) 24-01](RSA Technical Assistance Circular (TAC) 24-01) for more information.

Pre-Employment Transition Services Statewide

During the review, the RSA team examined three heatmaps that display the distribution of pre-employment transition services in the State by zip codes, TWC regions, and local workforce development areas. Notably, the team observed that several regions, primarily in the western part of the State, including Presidio, Culberson, and Jeff Davis Counties, lacked provision of pre-employment transition services. VRD explained that since pre-employment transition services are based on zip codes rather than counties, the representation on the heatmap may be misleading. For instance, there may be small portions of Presidio County with zip codes containing students with disabilities. However, due to their size, these portions are not distinctly visible on the heatmap. Currently, there's a vacancy for the VR counselor position responsible for Presidio, Culberson, and Jeff Davis Counties. In the interim, the Regional Program Specialist (RPS) is covering the caseload. VRD mentioned that it is actively working on strengthening their presence in Presidio County. The agency reportedly has established worksite agreements with local businesses, and the RPS had a productive meeting with the local principal, who expressed gratitude for VRD's assistance in enhancing the school's transition services.

VRD also has analyzed data for the RSA-911 related to students with disabilities from PY 2020 through 2022 by county. The findings revealed that out of the 254 counties, 12 had no students with disabilities in receipt of pre-employment transition services. According to the agency, these 12 counties tend to be more sparsely populated. To improve data visualization, VRD generated heatmaps based on counties rather than zip codes. Additionally, it compared the number served in each county with Texas Education Agency (TEA) data, aiming to understand the ratio between pre-employment transitions services students and TEA-identified students with disabilities per county. Once the analysis was complete, VRD shared the results with the RSA review team.

The updated data from PY 2022 illustrate 14 sparsely populated counties with students with disabilities reported by TEA with no pre-employment transition services provided. Presidio County did show an increase in students with disabilities in receipt of pre-employment transition services. Culberson and Jeff Davis Counties remained on the list of 14 counties with students with disabilities reported with no pre-employment transition services provided.

The RSA team commends the agency for its efforts to expand pre-employment transition services in the most rural or densely populated areas of the State. However, as mentioned previously, out of the 254 counties in Texas, 14 had no students with disabilities in receipt of pre-employment transition services. To better understand why students with disabilities are not taking advantage of the pre-employment transition services made available in those areas and to ensure that these services are available to students in the future, the RSA team recommends that VRD—

- Engage with stakeholders to understand their concerns and perspectives through community meetings, surveys, and focus groups;
- Build partnerships with community organizations, school districts, and other entities to collaborate on projects and initiatives to help build trust and foster a sense of shared responsibility;
- Demonstrate the positive outcomes of VR services, including pre-employment transition services, through data, testimonials, and success stories (e.g., newsletters, podcasts, and use of other approved social media platforms), which can help to build confidence in the VR program;
- Continuously evaluate and improve VR services based on feedback from parents, guardians, representatives, and other stakeholders, statutory and regulatory requirements, and research; and
- Explore the potential causes of service deficits in the counties or school districts with low to no service provision to identify strategies that might provide greater service delivery rates and enhance quality in those areas, and to improve the statewide provision and reporting of pre-employment transition services to potentially eligible and eligible students.

Pre-Employment Transition Services 15 Percent Reserve Set-Aside Determination

During the review, the RSA team reviewed VRD's pre-employment transition services 15 percent reserve set-aside determination, which states—

> The need for Pre-ETS services is estimated based on historical growth factors of low, medium and high growth rates for the percentages of Texas Education Agency (TEA) students served by VR…The A&E department [TWC's Analytics and Evaluation Department] provides data to VRD in the form of heat maps which shows Pre-ETS services that are provided to Pre-ETS eligible customers, Pre-ETS Potentially Eligible Customers and a combined map of all Pre-ETS customers. The VR Division reviews the maps to confirm that Pre-ETS services are being offered on a statewide basis.

VRD's methodology is based on TEA's special education and Section 504 plan annual student counts and historical demand for VR services, which is the number of students with disabilities it estimates serving. For instance, for FFY 2021, VRD's pre-employment transition services 15 percent reserve set-aside determination cited data taken from TEA's special education and Section 504 plan annual student counts indicating that there were approximately 332,697 transition-age students with disabilities (14- 22 years old) in the State. However, the agency based its methodology on serving an estimated 22,875 students with disabilities at a cost of $1,346.83 per student. Data from the RSA-911 show that 53.3 percent (13,129) of the students with disabilities reported (24,598) received a pre-employment transition service in PY 2021. This equates to 3.94 percent of the total estimated 332,697 students with disabilities ages 14 through 21 in the State. The methodology does not sufficiently explain the process of reducing the number of transition-age students with disabilities (14-22 years old) in the State; it merely indicates that the services are available statewide. VRD should clearly document the basis for any reduction in the number of students with disabilities the agency is required to make the required pre-employment transition services available to based upon need. In addition, any reductions based upon a determination that the provision of required pre-employment transition services activities is not needed should be clearly supported by reliable data and supporting documentation. The method used to determine if a VR agency has enough funds available to provide authorized activities after determining costs for providing required and coordination activities includes the following:

A. Determining the cost for the provision of required and coordination activities, in light of the following factors:
    - The total number of "students with disabilities" in the State, which includes those students eligible for the VR program as well as those "potentially eligible" students with disabilities;
    - The number of students with disabilities in the State who need required and coordination activities, including those currently receiving such services; and
    - The clearly documented basis for any reduction in the number of students with disabilities.
B. Determining the amount of funds reserved for the provision of pre-employment transition services that must be set aside for the provision of required and coordination activities to students with disabilities in need of the services; and
C. Determining the amount of funds available for the provision of authorized activities, as applicable. It is also important to note that VR services on an IPE provided in support of the March 2022 pre-employment transition services notice of interpretation (NOI) may be charged to the 15 percent reserve to the extent they are necessary for eligible individuals to participate in required activities. If charged to the reserve, the NOI VR services estimates (purchased and agency-provided) should be included in the determination along with required and coordination estimates before an agency commits funds for authorized activities.

Note that to the extent VR agencies demonstrate they have sufficient funds reserved to make the required and coordination pre-employment transition activities available to the population identified in their set-aside determinations, they have met the requirement to provide required pre-employment transition services prior to authorized activities. Any reserved funds remaining beyond the targeted amount necessary for required and coordination activities may then be used for authorized activities listed in 34 C.F.R. § 361.48(a)(3) (81 FR 55703 (August 19, 2016)). Lastly, fiscal forecasting is based on student need, not staff or fiscal capacity.

## C. Observations and Recommendations

RSA's review of VRD's performance in this focus area resulted in the identification of the following observation and recommendations to improve performance.

### Observation 2.1 Unavailability of Pre-employment Transition Services Statewide

During the off-site review, VRD provided three heatmaps that display the distribution of pre-employment transition services in the State by zip code for RSA's review. The RSA review team noted counties that had no students with disabilities, potentially eligible or eligible, in receipt of pre-employment transition services. The counties primarily located in the western part of the State, including Culberson and Jeff Davis Counties, lacked pre-employment transition services.

VRD further reported that its RSA-911 data show that out of 254 counties, 14 had no students with disabilities in receipt of pre-employment transition services.

The RSA review team provided a link to the 2022-2023 Special Education Reports located on the TEA website. This report clearly shows that there are 26 students receiving special education services in Culberson County and 17 in Jeff Davis County, although the ages of these students with disabilities is not known. In Texas, a student with a disability is 14 to 22 years of age and is less than 22 years of age as of September 1 of a given year.

Further, although VRD asserts that its pre-employment transition services 15 percent reserve set-aside determination methodology is based on TEA's special education and Section 504 plan annual student counts and historical demand for VR services, the data reviewed by RSA indicate room for improvement in its methodology. As stated previously, VRD cited data from TEA in its pre-employment set-aside determination indicating that there were approximately 332,697 transition-age students with disabilities (14-22 years old) in the State in FFY 2021. However, the agency estimated it would serve only 6.9 percent of the students with disabilities in the State (22,875), and data from the RSA-911 show that 53.3 percent, or only 13,120 of the students with disabilities reported, received a pre-employment transition service in PY 2021. This means that only 3.9 percent of the approximately 332,697 transition-age students with disabilities in the State of Texas received pre-employment transition services.

Sufficient funds must be reserved based on student need, not staff capacity. This means the State must reserve the amount of funds needed to provide the required services and coordination activities to all students with disabilities that may need those services.

Any reductions based on a determination that the provision of required pre-employment transition services activities is not needed should be clearly supported by reliable data. Only in this way can VRD ensure that it has set aside a sufficient amount of its pre-employment transition reserve for required and coordination activities in accordance with Section 113 (b) through (d) of the Rehabilitation Act.

**Recommendation 2.1 Unavailability of Pre-employment Transition Services Statewide**

RSA recommends that VRD—

2.1.1 Ensure that pre-employment transition services are made available in all political subdivisions of the State, including those counties considered sparsely populated.

## D. Finding and Corrective Actions

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

# SECTION 3: FOCUS AREA – FINANCIAL MANAGEMENT OF THE STATE VOCATIONAL REHABILITATION SERVICES AND STATE SUPPORTED EMPLOYMENT SERVICES PROGRAMS

## A. Purpose

Through this focus area RSA assessed the financial management and fiscal accountability of the VR and Supported Employment programs to ensure that: funds were being used only for intended purposes; there were sound internal controls and reliable reporting systems; that available resources were maximized for program needs; and funds supported the achievement of competitive integrated employment for individuals with disabilities, including those with the most significant disabilities, and the needs of students with disabilities for pre-employment transition services.

## B. Scope of Financial Management Review and Performance Analysis

The effective and efficient fiscal administration of the VR and Supported Employment programs is essential to the ability of a VR agency to maximize the funds available for attainment of employment outcomes for individuals with disabilities. RSA will review components of VRD's financial management system and assess the fiscal accountability of the programs to—

- Ensure funds are expended within the period of obligation and are used only for allowable purposes;
- Ensure programs have sound internal controls and reliable reporting systems;
- Identify needed improvements in fiscal policy, processes, and procedures to maximize the use of Federal funds to benefit VR participants and students with disabilities; and,
- Ensure a relative benefit to the VR system is proportional to the expenditure (e.g., contracts, one-stops, indirect cost rates, cost allocation plans, etc.).

RSA reviewed the use and expenditure of Federal funds to assist VRD in minimizing the return of funds for reallotment and/or the return of unused funds at the end of the period of performance for the award. Therefore, the scope of this focus area is limited primarily to areas which address the financial management and operations that affect the use of or return of Federal funds.

VRD relinquished approximately $12.3 million, $87.9 million, and $54.0 million of its Federal VR formula award in FFYs 2019, 2020, and 2021, respectively. VRD has an overall declining trend regarding total expenditures as a percentage of the amount of Federal share that would have been available to the agency had sufficient match been reported by the 4th quarter, expending 97.6 percent, 92.3 percent, 69.5 percent, and 81.7 percent of its formula award amounts in FFYs 2018 through 2021, respectively.

The amount of VRD's matched net Federal award funds (formula award less amount relinquished) available for expenditure but unused, based on reported non-Federal share, totaled

$156,224 in FFY 2018[1] and increased to $7.7 million in FFY 2019[2]. However, it is notable that in FFYs 2020 and 2021, VRD expended 100% of its matched Federal dollars.

In 2018, Texas's VR formula award amount was approximately $252.9 million. In FFY 2021, it was $295.3 million, increasing by FFY 2023 to $320.3 million. Between FFYs 2018 and 2021, the non-Federal share available to match the Federal award amount increased somewhat overall. In FFY 2018, VRD's non-Federal share was $66.9 million and in FFY 2021, $67.3 million. However, the amount of the increase was not enough to keep up with the amount by which the formula award amount increased, as the percentage of the Federal formula award matched decreased from 97.7 percent in FFY 2018 to 84.2 percent in FFY 2021.

VRD currently has a FFY 2020 maintenance of effort deficit of $12,772,840. RSA anticipates that it will issue a formal maintenance of effort reduction letter shortly.

RSA reviewed the following areas related to financial management and accountability:

**Period of Performance**

Period of performance is the time during which the non-Federal entity (grantee) may incur new obligations to carry out the work authorized under the Federal award (2 C.F.R. § 200.1). To accurately account for Federal and non-Federal funds, the VR agency must ensure that allowable non-Federal and Federal obligations and expenditures are assigned to the correct Federal fiscal year award. RSA uses the financial information reported by the grantee to determine each VR agency's compliance with fiscal requirements (e.g., reservation of funds, matching, MOE, etc.).

The RSA review team assessed VRD's performance in meeting the period of performance requirements related to the proper assignment of obligations and expenditures to the correct grant award(s).

Based on RSA's review of VRD's financial management system, while VRD has internal controls in place to assign most obligations to the correct FFY award based on the award's period of performance and Education Department General Administrative Regulations (EDGAR) regarding when an awardee "makes obligations for various kinds of property and services" at 34 C.F.R. § 76.707, there is at least one exception that VRD needs to correct related to how its case management system (CMS) assigns obligations during the one-month overlap between the State fiscal year (SFY) and the FFY. RSA addresses this concern in the findings section of this focus area.

The finding requires VRD to correct any improperly assigned expenditures related to the inconsistency whereby its CMS does not always assign obligations to the correct award based on period of performance and dates of obligation requirements. Additionally, the finding includes

[1] VRD noted the increase to VRD's matched net Federal award funds in FFY 2018 "resulted from a return of expenditure after the grant liquidation period had closed. This required the VRD to return the previously spent funds to RSA and submit a revised final report."

[2] VRD noted that for FFY 2019: "the unused portion at the time of final reporting was $6M (Pre-ETS that was unable to be spent due to cancellation of SEAL program as a result of COVID), however, the return of expenditures after the grant liquidation period ($1.7M), increased this amount to $7.7M and required a revised final report."

corrective actions requiring VRD to examine all processes, including all system business rules, that are used at any point in the process of assigning expenditures to awards based on dates of obligation that meet EDGAR requirements for every type of VRD expenditure the state system of accounting classifies, as well as to identify, develop, and demonstrate corrections it will make to its internal controls for any additional obligation assignment compliance issues it detects as a result of the examination.

VRD demonstrates effective internal controls for how it tracks obligated and expended funds to ensure Federal funds are maximized. The section below on VR Program Match describes a related issue VRD has regarding how unexpended carryover year funds may hinder its justification for increased State appropriations for VR.

**VR Program Match**

VR program regulations require the State to incur a portion of expenditures under the VR services portion of the Unified or Combined State Plan from non-Federal funds to meet its cost sharing requirements (34 C.F.R. § 361.60). The required Federal share for expenditures made by the State, including expenditures for the provision of VR services and the administration of the VR services portion of the Unified or Combined State Plan, is 78.7 percent. The State's share is 21.3 percent. The RSA review team assessed VRD's performance in meeting the matching requirements for the VR program, including the extent to which the matching level was met, and the Federal funds matched were expended, as well as whether the sources of match were consistent with Federal requirements and any applicable maintenance of effort (MOE) issues.

The RSA review team addressed requirements pertaining to the following sources of non-Federal share used by the State as the match for the VR program:

- State appropriations;
- Randolph-Sheppard set-aside;
- donations (other than cash contributions by private entities).

*Biennium Budget Requests*

VRD, over recent years, has experienced significant increases to the amount of Federal award funds available for VR program use. For Texas to fully benefit from the increasing availability of Federal funds, the Texas State Legislature would need to increase the State's commitment through the amount it appropriates for VRD's use. The increases to the Federal share allotted to Texas to use for VR purposes hit a significant milestone in the past year, when Texas overtook California as the State to which the VR formula allots the most Federal funds among all VR grantees.

During the review, VRD agency staff described the processes and timelines it follows when submitting biennium budget requests to its State Legislature regarding the VR program's need for increased State appropriations. However, VRD expressed concern regarding how to demonstrate its ability to expend the full amount of additional funds VRD requests. VRD's concern stemmed from factors including recent years in which funds remained unexpended during or at the end of the carryover year. With a history of having a large carry-over balance at the time VRD's submitted its Legislative Appropriations Request in 2022, VRD determined it could not effectively make that case. As VRD approaches its targeted carryover balance ratio of retaining around two month's proportion of its award during a given carryover year, VRD expressed its understanding that it will become better positioned to make an effective case for the State legislature to increase State appropriations at an amount that both better meets the needs of job-seekers in Texas with disabilities, and that also maximizes each dollar of State-appropriated expenditure by a factor of over 2.5.

The existence of unobligated funds during a carryover year does not reliably indicate that unused funds will remain at the end of the period of performance. At the same time, the State must provide non-Federal share at a level it deems appropriate to maximize the amount of available Federal share in support of VR consumers in Texas.

Through interviews RSA conducted with VRD staff, the agency explained a decision to limit its request for additional State funding in the 2023 legislative session due to high year end carry-over balances the Texas VR program had when the legislative appropriations request was prepared in 2022. The agency did not believe that it could justify a request for additional state funding when carryover grant fund balances were so high. Since that time, VR expenditures have increased significantly, and carry-over balances have decreased. As a result, the agency is considering a request for more state funding as it prepares its legislative appropriations request for the 2026-27 biennial budget which will be approved by the Texas legislature in 2025.

RSA recommends VRD leverage available resources, such as technical assistance providers RSA makes available to VR agencies, to plan and carry out a multi-year approach to improve process transparency and to enhance and clarify publicly available information regarding VRD's use of funds. Finding ways to describe or otherwise convey how VRD's use of carryover is intentional and serves the program, VR consumers, and the State through increased flexibility and availability of the full spectrum of VR resources to students and jobseekers with disabilities, through increased State commitment to fully match each FFY VR award's Federal share may help to increase VRD's expenditure of its available Federal VR allotment.

**Supported Employment Program Match**

Supported Employment program regulations require that the State expend 50 percent of its total Supported Employment program allotment for the provision of supported employment services, including extended services, to youth with the most significant disabilities. The Supported Employment program funds required to be reserved and expended for services to youth with the most significant disabilities are awarded through the SE-B grant award. The Federal share for expenditures from the State's SE-B grant award is 90 percent. The statutorily required 10 percent match requirement applies to the costs of carrying out the provision of supported employment services, including extended services, to youth with the most significant disabilities. This means that the 10 percent is applied to total expenditures, including both the Federal and non-Federal shares, incurred for this purpose, and that the non-Federal share must also be spent on the provision of supported employment services, including extended services, to youth with the most significant disabilities.

The RSA review team assessed the matching requirements for the Supported Employment program, including an assessment of whether the matching level was met, as well as whether the sources of the match were consistent with Federal requirements.

VRD expended Supported Employment-B award funds in proportion to its Supported Employment-A expenditures, and matched and expended the entire amount of its SE-A and SE-B award within the relevant years of appropriation. From FFY 2019 forward, VRD neither relinquished nor requested reallotment funds, and expended 100 percent of its SE-A and SE-B allotment by the end of the year of appropriation, thus being ineligible for carryover for any of its Supported Employment awards during this period. No SE-A or SE-B funds remained unused at the end of the award periods under review.

**Pre-Employment Transition Services Reservation and Expenditure of Funds**

Section 101(a)(25) of the Rehabilitation Act requires State VR agencies to assure in their Unified or Combined State Plan, with respect to students with disabilities, that the State has developed and implemented strategies to:

- Address the needs identified in the assessments described in Section 101(a)(15) of the Rehabilitation Act;
- Achieve the goals and priorities identified by the State in accordance with Section 101(a)(15) of the Rehabilitation Act to improve and expand VR services for students with disabilities on a statewide basis; and provide pre-employment transition services.

Pre-employment transition services, as defined at Section 7(30) of the Rehabilitation Act, "means services provided in accordance with Section 113." Section 113(a) of the Rehabilitation Act requires the State to ensure it will use the funds reserved under Section 110(d)(1) of the Rehabilitation Act to provide, or arrange for the provision of, pre-employment transition services to students with disabilities. Section 110(d)(1) of the Rehabilitation Act establishes the 15 percent minimum reservation requirement for the State from its VR allotment.

Together, Sections 7(30), 101(a)(25), 110(d)(1), and 113 of the Rehabilitation Act create the statutory basis for the State Plan provisions governing pre-employment transition services.

Early career exploration through pre-employment transition services increases the likelihood of students with disabilities achieving high-quality competitive integrated employment. More specifically, RSA will explore the use of funds for the provision of pre-employment transition services and the extent to which VRD is meeting the State required reservation and expenditure of at least 15 percent of its Federal VR grant funds.

In FFYs 2018 through 2021, VRD met the required reservation and expenditure for the provision of pre-employment transition services of at least 15 percent of its Federal VR grant funds at exactly 15 percent in each of these years except for FFY 2019, when it reported expending 12.6 percent of its matched Federal award for such services.

RSA details its concerns regarding VRD meeting statewide implementation requirements for pre-employment transition service provision in Finding 2.1 of this report.

**Internal Controls and Policies**

Internal controls means a process, implemented by the grantee, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, reliability of reporting for internal and external use, and compliance with applicable laws and regulations. Internal controls serve to safeguard assets and prevent fraud, waste, abuse, improper payments, and mismanagement. They include methods and procedures the grantee uses to manage the day-to-day operations of grant-supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. The VR agency's internal controls for ensuring compliance with fiscal requirements will be a core component of the financial management system review, particularly as they relate to the VR agency's use of Federal funds, including the required reservation of funds for pre-employment transition services, and the requirements for non-Federal match. The Federal fiscal requirements referenced during the review include—

- Rehabilitation Act and VR and Supported Employment program implementing regulations in 34 C.F.R. part 361 and 34 C.F.R. part 363, respectively;
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) located in 2 C.F.R. part 200;
- Education Department General Administrative Regulations (EDGAR) in 34 C.F.R. part 76;
- Departmental and RSA guidance, including Policy Directives (PDs), Technical Assistance Circulars (TACs), Grant Bulletins, Frequently Asked Questions (FAQ), etc.; and
- Grant Award terms and conditions.

RSA reviewed internal controls, policies, practices, and forms related to the financial management of the VR and Supported Employment programs.

VRD requested technical assistance in the following areas, with summaries of RSA's responses and referred resources.

*One-Stop Expenditures Subject to the Establishment Authority*

VRD asked RSA to clarify when VR expenditures at WIOA One-stop facilities are subject to VR program regulations collectively known as the Establishment Authority. The answer to this question is that Establishment Authority rules apply to any expenditure meeting the conditions the regulations specify in 34 C.F.R. §§ 361.5(c)(10), 361.5(c)(16), and 361.5(c)(17), as well as other locations within the VR program regulations that reference establishment or construction of such programs or facilities. Co-located one-stop center facilities meet the definition of

Community Rehabilitation Program (CRP) provided in 34 C.F.R. § 361.5(c)(7)(i) when the VR program provides or directly facilitates the provision of one or more VR services at the facility.

According to the regulations, CRP means *a program that provides directly or facilitates the provision of one or more* of the following *vocational rehabilitation services* to individuals with disabilities to enable those individuals to maximize their opportunities for employment, including career advancement… (an enumerated list of VR services follows the definition, after which § 361.5(c)(7)(ii) further clarifies the meaning of 'program' in the context of the definition).

This means that costs for:

a) establishment, development, or improvement of a public or nonprofit CRP;
b) establishment of a facility for a public or nonprofit CRP;
c) construction of a facility for a public or nonprofit CRP;

and that meet criteria further identified within the regulation's description of costs specific to each of these three classes of establishment projects, are subject to meeting Establishment Authority requirements, in addition to meeting any applicable prior approval requirements, for a VR expenditure in support of such costs to be considered allowable and assignable to the award.

*TPCA Examples and Guidance*

The success of a Third-Party Cooperative Arrangement (TPCA) is related to the utility of its use in appropriate application to situations where other types of agreements, such as interagency transfers or vendor contracts, are unsuitable for various reasons.

An example of when a more standard form of agreement might be unsuitable whereas a TCPA may be more suitable is when a partnering public entity is unable to transfer its share of costs or otherwise directly provide such costs to the VR agency but could participate under arrangements specific to TPCAs. In contrast to other forms of agreement, TCPAs enable partnering entities to reassign supervision of its staff during the time they are engaged in VR activities *to* the VR agency, thereby enabling partnering entities greater flexibility in how they might collaborate with the VR agency in shared efforts to expand VR services to greater numbers of individuals who need such services. TCPAs provide an inroad to collaboration with VR agencies when other forms of agreement are not available to potential partners due to restrictive rules such as those limiting advance payment, acting as contractor, or other limiting factors such as unavailable liquid assets that may be a necessary condition for use of other types of agreements.

RSA suggests VRD contact the QM-TAC provider of RSA technical assistance for further details and examples of TCPAs VRD may find useful. RSA staff will work with VRD to further identify the types of specific examples RSA might provide to help satisfy its request for such examples.

## C. Findings and Corrective Actions

RSA's review of the performance of VRD identified the following findings and the corresponding corrective actions regarding inconsistencies and areas of non-compliance with Federal requirements within the scope of this targeted focus area. RSA did not conduct an exhaustive review of all potential areas of non-compliance outside the scope of this focused review.

### Finding 3.1 Insufficient Internal Controls

**Issue:** Does VRD maintain effective internal control over the Federal award to provide reasonable assurance that it is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award.

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

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

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

Additionally, 2 C.F.R. § 200.303, among other things, requires a non-Federal entity to—

- Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award…;
- Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards;
- Evaluate and monitor the non-Federal entity's compliance with statute, regulations, and the terms and conditions of Federal awards; and
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

In accordance with the Uniform Guidance (2 C.F.R. § 200.302(a)), a State's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the award, must be sufficient to permit the—

- Preparation of reports required by general and program-specific terms and conditions; and

- Tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

Furthermore, provisions at 2 C.F.R. § 200.302(b)(4) require that the financial management system of each non-Federal entity must ensure effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes.

In its guidance titled *The Role of Internal Control, Documenting Internal Control, and Determining Allowability & Use of Funds*, the Department states that internal controls represent those processes by which an organization assures operational objectives are achieved efficiently, effectively, and with reliable, compliant reporting.

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

**Analysis:** RSA identified VRD internal control weaknesses in meeting period of performance requirements and regarding inaccuracy of reported financial data.

3.1.1 Period of Performance Requirements Not Met

On the first day of the off-site review, VRD shared with RSA a CMS processing deficiency it identified prior to the review regarding how VRD's CMS assigns obligations to FFY VR awards during the one-month overlap between VRD's SFY and the FFY. VRD's CMS for purchased service authorizations does not differentiate the one-month overlap between the SFY and the FFY. This has resulted in a number of purchased service authorization expenditures being assigned to an award outside of the award's period of performance. VRD must identify the reason(s) for the improper assignment of funds, correct them, and implement revisions to its system of internal controls to help prevent similar issues from occurring in the future.

VRD will also need to assess, identify, and correct any improperly assigned expenditures related to the inconsistency whereby its CMS does not always assign obligations to the correct award based on period of performance and dates of obligation requirements. Additionally, the finding includes corrective actions requiring VRD to examine all processes, including all system business rules, that are used at any in the process of assigning expenditures to awards based on dates of obligation that meet EDGAR requirements for every type of VRD expenditure the state system of accounting classifies, as well as to identify, develop, and demonstrate corrections it will make to its internal controls for any additional obligation assignment compliance issues it detects as a result of the examination.

3.1.2 Inaccurate Financial Reporting

VRD included staff salary costs for the provision of direct VR services in the total administrative costs the agency reported in its RSA-17. Through TWC, its designated State agency, VRD erroneously reported $165,805,589 in administrative expenditures in line 37 of its FFY 2021 RSA-17 reports.

VRD attributed this error to confusion on the switch from the RSA-2 to the RSA-17. The instructions for line 37 include the definition of “administrative costs” for purposes of the VR program (34 C.F.R. § 361.5(c)(2)), which does not include costs for the direct provision of VR services.

The RSA-17 form replaced the RSA-2 and SF-425 submissions for VR grant awards issued on or after October 1, 2020 (FFY 2021). It is important for VRD to revise its internal controls to safeguard against occurrence of similar errors in the future.

**Conclusion:** VRD does not maintain effective internal controls over the Federal awards necessary to provide reasonable assurances that it is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award, as required by the statute and regulations cited in the “Requirements” section of this finding. Specifically, VRD does not have sufficient written policies, procedures and internal controls to support compliance with rules pertaining to period of performance and financial reporting.

**Corrective Actions 3.1** RSA requires that VRD—

3.1.1 Within 1 quarter following publication of the final Monitoring Report, identify root causes for VRD assigning obligations to awards with periods of performance outside of the award to which VRD assigns such expenditures. After identifying the root causes for the CMS-related improper assignment of expenditures, within 2 quarters following a discussion with RSA regarding the identified root causes, do the following.

i. Generate and present to RSA a concise plan for how VRD will identify, and correct, expenditures it assigned to awards with incompatible dates of obligation;

ii. Upon RSA approval of the plan, carry out the plan and provide RSA with VRD’s request to revise relevant report data in the RSAMIS. For each report needing revision, identify it by FFY award, FAIN, and identify the VR agency employee responsible for entering the report corrections. Identify the data that needs to be corrected by line number, listing the incorrect data to be corrected alongside the correct data that will replace it. Submit to the appropriate RSA staff.

iii. Provide evidence of implementation over the span of at least 2 quarters following issuance of the monitoring report by RSA.

iv. Systemically and comprehensively review all expenditures and classifications of costs to detect any remaining areas in which expenditures are not assigned to an award with a period of performance consistent with the date of obligation.

Send requests to RSA asking to revise data, ensuring the request is supported by adequate documentation.

3.1.2 Within 1 quarter following publication of the final Monitoring Report, develop and implement effective internal controls to address and correct financial reporting inaccuracies, including those detailed in this finding. Demonstrate effective operationalization of the improved internal controls for at least 1 quarter following RSA's approval of VRD's revised internal controls.

**VR Agency Response:**

3.1.1 Period of Performance Requirements Not Met

TWC/VRD concurs with RSA's review of period of performance. Having pre-identified to the RSA team the VRD's concerns about period of performance compliance during the entrance conference, the VRD acknowledges the need to address certain system process deficiencies, impacting especially some transactions occurring during the September overlap month between the federal and state fiscal years.

This finding validates what the VRD self-reported to RSA and confirms that the system adjustments upon which the VRD is already working are necessary and appropriate. The VRD concurs that existing financial management related internal controls policies, and processes must be enhanced to ensure full rather than partial compliance with 34 CFR 76.707.

The work on these system adjustments will help ensure that the less than one percent of transactions which were attributed incorrectly will be coded correctly going forward so that all VRD transactions are assigned, accounted for, and subsequently liquidated in compliance with 34 CFR 76.707. This will ensure that the subsequent reporting likewise also complies with the applicable federal requirements.

Based on our root cause analysis and with assistance from VRTAC-QM, TWC/VRD created a desk aid that documents how to identify and correct any case management system related improper assignment of expenditures on a monthly basis. This will serve as the interim corrective process until the necessary updates are implemented in the case management system.

To fully address the period of performance issue, the VRD will continue working on case management system updates so that the service authorization issue date (binding written commitment date) properly serves as the date by which the obligated budget (appropriate grant award) is assigned for all transactions. In addition, these updates will also ensure proper application, when appropriate, of the dates of service for instances in which carryover funds are applicable.

While there are currently a small percentage of VRD payments that do not yet align with the period of performance requirements, updating our system processes to address those concerns is a high priority objective and VRD staff are committed to finalizing the case management system updates necessary to ensure that all funds expensed from the case management system are assigned/obligated, tracked, liquidated, and reported in a manner consistent with Edgar 34 CFR 76.707.

3.1.2 Inaccurate Financial Reporting

TWC/VRD concurs with RSA's review of financial reporting but disagrees that this subfinding constitutes a repeat finding. As RSA indicated in their report, VRD included in their reported administrative costs the staff salary for the provision of direct VR services, which should have been excluded per the RSA-17 instructions. RSA-17 desk aid was updated on August 28th, 2023 to correctly reflect how to extract data for accurate reporting of administrative costs. This update specifically excludes staff salaries for direct VR services from the reported administrative costs on Line 37. These revised procedures were immediately implemented on all subsequent reporting. During the course of the monitoring review, TWC/VRD communicated revised administrative cost amount of $70M actual (reduction of $95M from $165M reported) for FFY2021 and is prepared to submit a revised final upon request from RSA.

**RSA Response:** RSA has made several revisions to the finding based on VRD's insightful feedback. We appreciate the clarification and attention to detail VRD provided in its VR Agency Response.

**VR Agency Request for Technical Assistance:** The VRD requests continued technical assistance with the VRTAC-QM team as we work to finalize and implement the necessary period of performance system updates.

# Appendix A: State Vocational Rehabilitation Services and State Supported Employment Services Programs Performance Tables


Table 1—TX-C Performance Profile

Table 2—TX-C Types of Exit

Table 3—TX-C Reasons for Exit

Table 4—TX-C VR Service Provision

Table 5—TX-C Measurable Skill Gains and Credentials

Table 6—TX-C Competitive Integrated Employment and Supported Employment Outcomes

Table 7—TX-C Students with Disabilities

Table 8—TX-C Pre-Employment Transition Service Provision

**Table 1—TX-C Performance Profile**

| VR Program Performance | PY 2019 | PY 2020 | PY 2021 |
|---|---|---|---|
| Employment Rate | 53.8% | 47.6% | 47.2% |
| Number of Participants Exiting in Competitive Integrated Employment or Supported Employment | 11,626 | 10,259 | 11,013 |
| Percentage of Timely Eligibility Determinations | 97.4% | 91.1% | 90.6% |
| Percentage of Eligibility Determinations Extensions | 4.5% | 0.0% | 0.0% |
| Percentage of Timely IPE Development | 83.4% | 99.7% | 99.8% |
| Percentage of Initial IPE Extensions | N/A | 5.3% | 4.9% |
| Number of Applicants | 25,753 | 25,250 | 29,433 |
| Number of Individuals Determined Eligible | 22,508 | 20,514 | 24,657 |
| Number of Individuals with an IPE and No VR Services Provided | 688 | 375 | 350 |
| Number of Participants (with an IPE and VR Services Provided) | 68,983 | 65,100 | 65,044 |
| **WIOA Performance Indicators (General/Blind VR agency)** | **PY 2019** | **PY 2020** | **PY 2021** |
| Measurable Skill Gains Rate | | | |
| Employment Rate in 2nd Qtr After Exit | | | |
| Median Earnings in 2nd Qtr After Exit | | | |
| Employment Rate in 4th Qtr After Exit | | | |
| Credential Attainment Rate | | | |
| **WIOA Performance Indicators (State)** | **PY 2019** | **PY 2020** | **PY 2021** |
| Measurable Skill Gains Rate | 23.6% | 41.9% | 34.4% |
| Employment Rate in 2nd Qtr After Exit | 61.5% | 55.7% | 56.2% |
| Median Earnings in 2nd Qtr After Exit | $5,237 | $5,333 | $5,983 |
| Employment Rate in 4th Qtr After Exit | 58.5% | 54.0% | 54.6% |
| Credential Attainment Rate | 2.2% | 16.2% | 31.0% |

**Table 2—TX-C Types of Exit**

| Individuals Who Exited the VR Program | PY 2019 | PY 2020 | PY 2021 |
|---|---|---|---|
| Number of Individuals Who Exited the VR Program | 30,393 | 27,309 | 30,782 |

| Exit Type | PY 2019 Number of Individuals | PY 2019 Percent | PY 2020 Number of Individuals | PY 2020 Percent | PY 2021 Number of Individuals | PY 2021 Percent |
|---|---|---|---|---|---|---|
| Individual exited as an applicant, prior to eligibility determination or trial work experience | 3,73 | 12.3% | 3,699 | 13.5% | 4,551 | 14.8% |
| Individual exited during or after a trial work experience | 2 | 0.0% | 2 | 0.0% | 3 | 0.0% |
| Individual exited after eligibility, but from an order of selection waiting list | - | 0.0% | - | 0.0% | - | 0.0% |
| Individual exited after eligibility, but prior to a signed IPE | 4,113 | 13.5% | 2,045 | 7.5% | 2,872 | 9.3% |
| Individual exited after an IPE without an employment outcome | 9,989 | 32.9% | 11,309 | 41.4% | 12,348 | 40.1% |
| Individual exited after an IPE in noncompetitive and/or nonintegrated employment | - | 0.0% | - | 0.0% | - | 0.0% |
| Individual exited after an IPE in competitive and integrated employment or supported employment | 11,626 | 38.3% | 10,259 | 37.6% | 11,013 | 35.8% |
| Individual exited as an applicant after being determined ineligible for VR services | - | 0.0% | - | 0.0% | - | 0.0% |

| Supported Employment | PY 2019 Number of Participants | PY 2020 Number of Participants | PY 2021 Number of Participants |
|---|---|---|---|
| Number of Participants Who Exited with a Supported Employment Outcome in Competitive Integrated Employment | 391 | 444 | 385 |
| Number of Participants Who Exited with a Supported Employment Outcome in Noncompetitive and/or Nonintegrated Employment | | | |

**Table 3—TX-C Reasons for Exit**

| Reason for Exit | PY 2019 Number of Individuals | PY 2019 Percent | PY 2020 Number of Individuals | PY 2020 Percent | PY 2021 Number of Individuals | PY 2021 Percent |
|---|---|---|---|---|---|---|
| Individual is No Longer Available for Services Due to Residence in an Institutional Setting Other Than a Prison or Jail | 83 | 0.3% | N/A | N/A | N/A | N/A |
| Health/Medical | 471 | 1.5% | 438 | 1.6% | 571 | 1.9% |
| Death of Individual | 190 | 0.6% | 251 | 0.9% | 237 | 0.8% |
| Reserve Forces Called to Active Duty | 7 | 0.0% | - | 0.0% | 13 | 0.0% |
| Foster Care | - | 0.0% | N/A | N/A | N/A | N/A |
| Ineligible after determined eligible | 296 | 1.0% | 203 | 0.7% | 321 | 1.0% |
| Criminal Offender | 75 | 0.2% | 78 | 0.3% | 65 | 0.2% |
| No Disabling Condition | 186 | 0.6% | 712 | 2.6% | 903 | 2.9% |
| No Impediment to Employment | 318 | 1.0% | N/A | N/A | N/A | N/A |
| Does Not Require VR Service | 585 | 1.9% | N/A | N/A | N/A | N/A |
| Disability Too Significant to Benefit from Service | 4 | 0.0% | N/A | N/A | N/A | N/A |
| No Long-Term Source of Extended Services Available | 22 | 0.1% | N/A | N/A | N/A | N/A |
| Transferred to Another Agency | 85 | 0.3% | 72 | 0.3% | 94 | 0.3% |
| Achieved Competitive Integrated Employment Outcome | 11,626 | 38.3% | 10,259 | 37.6% | 11,013 | 35.8% |
| Extended Employment | 11 | 0.0% | 4 | 0.0% | 1 | 0.0% |
| Extended Services Not Available | 4 | 0.0% | 4 | 0.0% | 7 | 0.0% |
| Unable to Locate or Contact | 6,578 | 21.6% | 7,787 | 28.5% | 9,265 | 30.1% |
| No Longer Interested in Receiving Services or Further Services | 6,695 | 22.0% | 5,953 | 21.8% | 7,117 | 23.1% |
| All Other Reasons | 3,157 | 10.4% | 1,541 | 5.6% | 1,163 | 3.8% |
| Short-Term Basis Period | N/A | N/A | 3 | 0.0% | 7 | 0.0% |
| Ineligible: Pursuant to 511 | N/A | N/A | 9 | 0.0% | 9 | 0.0% |
| Ineligible: Following Trial Work | N/A | N/A | 1 | 0.0% | 3 | 0.0% |
| Number of Individuals Who Exited the VR Program | 30,393 | - | 27,309 | - | 30,782 | - |

**Table 4—TX-C VR Service Provision**

| VR Service Provision | PY 2019 | PY 2020 | PY 2021 |
|---|---|---|---|
| Total Number of Individuals Who Received VR Services | 54,417 | 52,791 | 54,448 |

| Training Services | PY 2019 Number of Individuals | PY 2019 Percent | PY 2020 Number of Individuals | PY 2020 Percent | PY 2021 Number of Individuals | PY 2021 Percent |
|---|---|---|---|---|---|---|
| Graduate Degree Training | 98 | 0.2% | 142 | 0.3% | 200 | 0.4% |
| Bachelor's Degree Training | 3,587 | 6.6% | 3,296 | 6.2% | 3,629 | 6.7% |
| Junior or Community College Training | 1,467 | 2.7% | 1,347 | 2.6% | 1,512 | 2.8% |
| Occupational or Vocational Training | 1,764 | 3.2% | 1,361 | 2.6% | 2,183 | 4.0% |
| On-the-Job Training | 50 | 0.1% | 23 | 0.0% | 38 | 0.1% |
| Apprenticeship Training | - | 0.0% | - | 0.0% | - | 0.0% |
| Basic Academic Remedial or Literacy Training | - | 0.0% | - | 0.0% | - | 0.0% |
| Job Readiness Training | 3,472 | 6.4% | 3,517 | 6.7% | 3,668 | 6.7% |
| Disability Related Skills Training* | 803 | 1.5% | 666 | 1.3% | 1,162 | 2.1% |
| Miscellaneous Training | 614 | 1.1% | 845 | 1.6% | 977 | 1.8% |
| Randolph-Sheppard Entrepreneurial Training | - | 0.0% | 1 | 0.0% | - | 0.0% |
| Customized Training | - | 0.0% | - | 0.0% | - | 0.0% |
| Work-Based Learning Experience | N/A | N/A | 336 | 0.6% | 706 | 1.3% |

| Career Services | PY 2019 Number of Individuals | PY 2019 Percent | PY 2020 Number of Individuals | PY 2020 Percent | PY 2021 Number of Individuals | PY 2021 Percent |
|---|---|---|---|---|---|---|
| Assessment* | 11,615 | 21.3% | 12,663 | 24.0% | 14,213 | 26.1% |
| Diagnosis and Treatment of Impairment | 10,684 | 19.6% | 9,957 | 18.9% | 10,370 | 19.0% |
| Vocational Rehabilitation Counseling and Guidance* | 50,878 | 93.5% | 51,426 | 97.4% | 52,842 | 97.1% |
| Job Search Assistance | 4,921 | 9.0% | 462 | 0.9% | 701 | 1.3% |
| Job Placement Assistance | 7,127 | 13.1% | 5,698 | 10.8% | 6,154 | 11.3% |
| Short-Term Job Supports | 1,738 | 3.2% | 1,485 | 2.8% | 1,663 | 3.1% |
| Supported Employment Services | 2,696 | 5.0% | 1,732 | 3.3% | 2,006 | 3.7% |
| Information and Referral Services* | 1,951 | 3.6% | 2,348 | 4.4% | 2,180 | 4.0% |
| Benefits Counseling* | 469 | 0.9% | 303 | 0.6% | 760 | 1.4% |
| Customized Employment Services | 3 | 0.0% | - | 0.0% | - | 0.0% |
| Extended Services (for youth with the most significant disabilities) | - | 0.0% | - | 0.0% | - | 0.0% |

| Other Services | PY 2019 Number of Individuals | PY 2019 Percent | PY 2020 Number of Individuals | PY 2020 Percent | PY 2021 Number of Individuals | PY 2021 Percent |
|---|---|---|---|---|---|---|
| Transportation* | 2,215 | 4.1% | 979 | 1.9% | 1,654 | 3.0% |
| Maintenance* | 1,798 | 3.3% | 954 | 1.8% | 1,018 | 1.9% |
| Rehabilitation Technology* | 6,997 | 12.9% | 7,309 | 13.8% | 8,172 | 15.0% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Personal Attendant Services* | 69 | 0.1% | 17 | 0.0% | 18 | 0.0% |
| Technical Assistance Services | - | 0.0% | 60 | 0.1% | 114 | 0.2% |
| Reader Services* | 38 | 0.1% | 25 | 0.0% | 28 | 0.1% |
| Interpreter Services* | 987 | 1.8% | 667 | 1.3% | 828 | 1.5% |
| Other Services | 4,240 | 7.8% | 5,296 | 10.0% | 5,834 | 10.7% |

** Indicates RSA-911 Service Categories that do not require an Individualized Plan for Employment (IPE).*

**Table 5— TX-C Measurable Skill Gains and Credentials**

| Type of Measurable Skill Gains Earned | PY 2019 Number | PY 2020 Number | PY 2021 Number |
|---|---|---|---|
| Educational Functioning Level | 84 | 71 | 105 |
| Secondary Diploma | 2,628 | 2,090 | 1,494 |
| Secondary or Postsecondary Transcript/Report Card | 3,262 | 3,538 | 3,252 |
| Training Milestone | 116 | 143 | 105 |
| Skills Progression | 145 | 173 | 108 |
| Total | 6,235 | 9,480 | 5,064 |
| **Participants Who Earned Measurable Skill Gains** | **PY 2019 Number/ Percent** | **PY 2020 Number/ Percent** | **PY 2021 Number/ Percent** |
| Number of Participants Who Earned Measurable Skill Gains | 5,744 | 5,555 | 4,765 |
| Percent of Participants Eligible to Earn Measurable Skill Gains | 35.3% | 20.4% | 21.3% |
| **Type of Credentials Earned** | **PY 2019 Number** | **PY 2020 Number** | **PY 2021 Number** |
| Secondary | 0 | 734 | 1,199 |
| Postsecondary | 120 | 384 | 848 |
| Total | 120 | 1,118 | 2,047 |
| **Participants Who Earned Credentials** | **PY 2019 Number/Percent** | **PY 2020 Number/Percent** | **PY 2021 Number/Percent** |
| Number of Participants Who Earned Credentials | 120 | 1,092 | 1,966 |
| Percent of Participants Eligible to Earn Credentials | 28.0% | 30.0% | 33.0% |

**Table 6— TX-C Competitive Integrated Employment and Supported Employment Outcomes**

| Participants Who Exited in Competitive Integrated Employment or Supported Employment | PY 2019 | PY 2020 | PY 2021 |
|---|---|---|---|
| Number of Participants Who Exited in Competitive Integrated Employment or Supported Employment | 11,619 | 10,256 | 11,013 |
| Median Hourly Earnings at Exit | $12.00 | $13.00 | $14.00 |
| Median Hours Worked per Week at Exit | 40 | 40 | 40 |

| Public Support at Exit | PY 2019 Number of Participants | PY 2019 Percent | PY 2020 Number of Participants | PY 2020 Percent | PY 2021 Number of Participants | PY 2021 Percent |
|---|---|---|---|---|---|---|
| Social Security Disability Insurance at Exit | 1,112 | 9.6% | 822 | 8.0% | 767 | 7.0% |
| Supplemental Security Income for the Aged, Blind, or Disabled at Exit | 963 | 8.3% | 653 | 6.4% | 757 | 6.9% |
| Temporary Assistance for Needy Families at Exit | 99 | 0.9% | 63 | 0.6% | 53 | 0.5% |
| General Assistance (State or local government) at Exit | 239 | 2.1% | NA | NA | NA | NA |
| Veterans' Disability Benefits at Exit | 73 | 0.6% | NA | NA | NA | NA |
| Workers' Compensation at Exit | 59 | 0.5% | NA | NA | NA | NA |
| Other Public Support at Exit | 202 | 1.7% | 426 | 4.2% | 400 | 3.6% |

| Medical Insurance Coverage at Exit | PY 2019 Number of Participants | PY 2019 Percent | PY 2020 Number of Participants | PY 2020 Percent | PY 2021 Number of Participants | PY 2021 Percent |
|---|---|---|---|---|---|---|
| Medicaid at Exit | 1,148 | 9.9% | 869 | 8.5% | 870 | 7.9% |
| Medicare at Exit | 1,912 | 16.5% | 1,523 | 14.8% | 1,468 | 13.3% |
| State or Federal Affordable Care Act Exchange at Exit | 79 | 0.7% | 94 | 0.9% | 158 | 1.4% |
| Public Insurance from Other Sources at Exit | 600 | 5.2% | 458 | 4.5% | 440 | 4.0% |
| Private Insurance Through Employer at Exit | 2,821 | 24.3% | 2,750 | 26.8% | 2,864 | 26.0% |
| Not Yet Eligible for Private Insurance Through Employer at Exit | 106 | 0.9% | 109 | 1.1% | 126 | 1.1% |
| Private Insurance Through Other Means at Exit | 2,416 | 20.8% | 2,084 | 20.3% | 2,262 | 20.5% |

**Table 7— TX-C Students with Disabilities**

| Students with Disabilities | PY 2019 Number/ Percentage of Students | PY 2020 Number/ Percentage of Students | PY 2021 Number/ Percentage of Students |
|---|---|---|---|
| Total Students with Disabilities Reported | 19,767 | 22,197 | 24,598 |
| Students with Disabilities Reported with 504 Accommodation | 1,442 | 2,354 | 2,956 |
| Students with Disabilities Reported with IEP | 17,214 | 17,945 | 19,535 |
| Students with Disabilities Reported without 504 Accommodation or IEP | 1,368 | 2,264 | 2,523 |
| Total Students with Disabilities Who Received a Pre-Employment Transition Service | 1,872 | 9,991 | 13,120 |
| Potentially Eligible Students with Disabilities Who Received a Pre-Employment Transition Service | 333 | 2,488 | 3,897 |
| Students with Disabilities, Who Applied for VR Services, and Received a Pre-Employment Transition Service | 1,539 | 7,503 | 9,223 |
| Percentage of Students with Disabilities Reported Who Received a Pre-Employment Transition Service | 9.5% | 45.0% | 53.3% |

**Table 8—TX-C Pre-Employment Transition Service Provision**

| Pre-Employment Transition Services | PY 2019 Number Provided | PY 2019 Percent of Total | PY 2020 Number Provided | PY 2020 Percent of Total | PY 2021 Number Provided | PY 2021 Percent of Total |
|---|---|---|---|---|---|---|
| Total Pre-Employment Transition Services Provided | 4,871 | - | 35,875 | - | 57,229 | - |
| Job Exploration Counseling | 1,066 | 21.9% | 6,110 | 17.0% | 12,616 | 22.0% |
| Work-Based Learning Experiences | 1,348 | 27.7% | 6,608 | 18.4% | 11,036 | 19.3% |
| Counseling on Enrollment Opportunities | 514 | 10.6% | 7,070 | 19.7% | 9,707 | 17.0% |
| Workplace Readiness Training | 1,436 | 29.5% | 10,544 | 29.4% | 14,614 | 25.5% |
| Instruction in Self-Advocacy | 507 | 10.4% | 5,543 | 15.5% | 9,256 | 16.2% |

# APPENDIX B: FISCAL DATA TABLES

**Table 3.1: VR Federal Resources and Expenditures by Federal Fiscal Year**

| Federal Resources and Expenditures | 2018 | 2019 | 2020 | 2021 | 2022* | 2023 |
|---|---|---|---|---|---|---|
| FAIN | H126A180092 | H126A190092 | H126A200092 | H126A210092 | H126A220092 | H126A230092 |
| Formula Award Amount | 252,945,496.00 | 261,101,480.00 | 287,841,641.00 | 295,273,713.00 | 300,138,007.00 | 320,291,817.00 |
| MOE Reduction Amount | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Relinquished-Reallotment | (5,808,501.00) | (12,340,596.00) | (87,898,190.00) | (53,995,577.00) | (57,394,040.00) | 0.00 |
| Received-Reallotment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Award Amount | 247,136,995.00 | 248,760,884.00 | 199,943,451.00 | 241,278,136.00 | 242,743,967.00 | 320,291,817.00 |
| Net Award Funds Unused** | 156,224.00 | 7,658,801.24 | 0.00 | 0.00 | 101,124,999.81 | 0.00 |
| Matched Net Award Funds Unused*** | 156,224.00 | 7,658,800.06 | (0.83) | (1.15) | (141,618,967.19) | 170,292,794.78 |
| Award Funds Expended | 246,980,771.00 | 241,102,082.76 | 199,943,451.00 | 241,278,136.00 | 141,618,967.19 | 149,999,022.22 |
| Percent of Net Award Expended | 99.9% | 96.9% | 100.0% | 100.0% | 58.3% | 46.8% |
| Percent of Formula Award Expended | 97.6% | 92.3% | 69.5% | 81.7% | 47.2% | 46.8% |
| Carryover Met | Yes | Yes | Yes | Yes | Yes | No |
| Grant Award Closed | Yes | No | No | No | No | |

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

**If award is closed, represents amount of funds deobligated at closeout. If award is not closed, represents balance in G5.

***Negative number indicates funds expended that were not matched.

**Table 3.2: VR Non-Federal Share by Federal Fiscal Year**

| Non-Federal Share (Match) | 2018 | 2019 | 2020 | 2021 | 2022* | 2023 |
|---|---|---|---|---|---|---|
| Federal Expenditures Matched-Agency | Yes | Yes | Yes | Yes | No | |
| Non-Federal Share-4th-Agency | 66,887,141.00 | 67,326,643.00 | 54,114,301.00 | 65,301,452.00 | 65,698,177.00 | |
| Non-Federal Share-Final-Agency | 66,887,141.00 | 67,326,643.00 | 54,114,301.00 | 65,301,452.00 | 0.00 | |
| Federal Funds Required to be Matched-Agency | 246,980,771.00 | 241,102,082.76 | 199,943,451.00 | 241,278,136.00 | 0.00 | |
| Federal Funds Matched-Agency | 247,136,995.15 | 248,760,882.82 | 199,943,450.17 | 241,278,134.85 | 0.00 | |
| Non-Federal Share Required-Agency | 66,844,859.24 | 65,253,803.85 | 54,114,301.22 | 65,301,452.31 | 0.00 | |
| Federal Funds Match Difference-Agency | 156,224.15 | 7,658,800.06 | (0.83) | (1.15) | (141,618,967.19) | |
| Percent of Net Federal Funds Matched-Agency | 100.0% | 100.0% | 100.0% | 100.0% | 0.0% | |
| Percent of Federal Formula Award Matched-Agency | 97.7% | 95.3% | 69.5% | 81.7% | 0.0% | |
| Matching Requirement Met-State | Yes | Yes | Yes | Yes | No | |
| Required Non-Federal Share-State | 66,844,859.24 | 65,253,803.85 | 54,114,301.22 | 65,301,452.31 | 38,328,894.55 | |
| Federal Funds Required to be Matched-State | 246,980,771.00 | 241,102,082.76 | 199,943,451.00 | 241,278,136.00 | 141,618,967.19 | |
| Federal Funds Matched-State | 247,136,995.15 | 248,760,882.82 | 199,943,450.17 | 241,278,134.85 | 0.00 | |
| Federal Funds Match Difference-State | 156,224.15 | 7,658,800.06 | (0.83) | (1.15) | (141,618,967.19) | |

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

**Table 3.3: VR Maintenance of Effort by Federal Fiscal Year[3]**

| Maintenance of Effort (MOE) | 2018 | 2019 | 2020 | 2021 | 2022* | 2023* |
|---|---|---|---|---|---|---|
| Amount of Non-Federal Share Maintained => 2 years prior-Agency | Yes | Yes | No | No | Yes | |
| Non-Federal Share-Agency | 66,887,141.00 | 67,326,643.00 | 54,114,301.00 | 65,301,452.00 | 65,698,177.00 | |
| Construction Expenditures-Agency (4th Qtr.) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Construction Expenditures-Agency (Final) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Unadjusted MOE Base-Agency | 66,887,141.00 | 67,326,643.00 | 54,114,301.00 | 65,301,452.00 | 65,698,177.00 | |
| Adjusted MOE Amount-Agency | 66,887,141.00 | 67,326,643.00 | 54,114,301.00 | 65,301,452.00 | 65,698,177.00 | |
| MOE Difference-Agency | 0.00 | 0.00 | (12,772,840.00) | (2,025,191.00) | 11,583,876.00 | |
| Adjusted MOE Base-State | 66,887,141.00 | 67,326,643.00 | 54,114,301.00 | 65,301,452.00 | 65,698,177.00 | |
| MOE Difference-State | 0.00 | 0.00 | (12,772,840.00) | (2,025,191.00) | 11,583,876.00 | |

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

[3] The status of several MOE determinations remains under review, including those for which VRD has submitted, or is submitting, a MOE waiver request.

**Table 3.4: Pre-Employment Transition Services by Federal Fiscal Year**

| Pre-Employment Transition Services (Pre-ETS) | 2018 | 2019 | 2020 | 2021 | 2022* | 2023* |
|---|---|---|---|---|---|---|
| Pre-ETS Target Met-Agency | Yes | No | Yes | Yes | No | |
| Percent of Matched Federal Funds Expended on Pre-ETS-Agency | 15.0% | 12.6% | 15.0% | 15.0% | 0.0% | |
| Pre-ETS Federal Expenditures-Final-Agency | 37,070,549.00 | 31,307,199.00 | 29,991,518.00 | 36,191,720.00 | 0.00 | |
| Pre-ETS Calculation Base-Agency | 247,136,995.00 | 248,760,882.82 | 199,943,450.17 | 241,278,134.85 | 141,618,967.19 | |
| Pre-ETS Target-Agency | 37,070,549.25 | 37,314,132.42 | 29,991,517.53 | 36,191,720.23 | 21,242,845.08 | |
| Pre-ETS Difference-Agency | (0.25) | (6,006,933.42) | 0.47 | (0.23) | (21,242,845.08) | |
| Pre-ETS Requirement Met-State | Yes | No | Yes | Yes | Yes | |
| Percent of Matched VR Funds Spent on Pre-ETS-State | 15.0% | 12.6% | 15.0% | 15.0% | Missing Final | |
| Pre-ETS Calculation Base-State | 247,136,995.00 | 248,760,882.82 | 199,943,450.17 | 241,278,134.85 | 0.00 | |
| Pre-ETS-Target-State | 37,070,549.25 | 37,314,132.42 | 29,991,517.53 | 36,191,720.23 | 0.00 | |
| Pre-ETS Federal Expenditures-Final-State | 37,070,549.25 | 37,314,132.42 | 29,991,518.00 | 36,191,720.00 | 0.00 | |
| Pre-ETS Difference-State | 0.00 | 0.00 | 0.47 | (0.23) | 0.00 | |
| Negative is Amount of Reserve Spent on Non-Pre-ETS | (0.25) | 1,651,866.64 | (0.35) | (1.37) | (141,618,967.19) | |

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

**Table 3.5: Program Income-Agency**

| Program Income | 2018 | 2019 | 2020 | 2021 | 2022* | 2023* |
|---|---|---|---|---|---|---|
| Program Income Received (4th Qtr) | 31,256,419.00 | 18,609,046.00 | 20,228,812.00 | 22,641,940.00 | 24,043,752.00 | |
| Program Income Received (Final) | 32,229,723.00 | 18,609,046.00 | 20,228,812.00 | 22,641,940.00 | 0.00 | |
| Program Income Difference (4th Qtr./Final) | (973,304.00) | 0.00 | 0.00 | 0.00 | 24,043,752.00 | |
| Total Program Income Expended (4th Qtr) | 31,256,419.00 | 18,609,046.00 | 20,228,812.00 | 22,388,278.00 | 15,256,443.00 | |
| Total Program Income Expended (Final) | 32,229,723.00 | 18,609,046.00 | 20,228,812.00 | 16,716,354.00 | 0.00 | |
| Program Income Expended (4th Qtr./Final) | (973,304.00) | 0.00 | 0.00 | 5,671,924.00 | 15,256,443.00 | |
| Federal Program Income (VR SSA Payments Only) Transferred to the State Independent Living Services (SILS) Program: | 0.00 | 0.00 | 0.00 | 5,656,389.00 | 0.00 | |
| Federal Program Income (VR SSA Payments Only) Transferred to the Independent Living Services for Older Individuals who are Blind (OIB) Program | 0.00 | 0.00 | 0.00 | 269,197.00 | 0.00 | |
| Federal Program Income (VR SSA Payments Only) Transferred to the Client Assistance Program (CAP) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Federal Program Income (VR SSA Payments Only) Transferred to the State Supported Employment Services (SE) Program: | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Program Income Transferred | 0.00 | 0.00 | 0.00 | 5,925,586.00 | 0.00 | |
| Program Income Used for VR Program | 32,229,723.00 | 18,609,046.00 | 20,228,812.00 | 16,716,354.00 | 0.00 | |

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