

**FEDERAL FISCAL YEAR 2023
MONITORING REPORT ON
NEVADA VOCATIONAL
REHABILITATION DIVISION
VOCATIONAL REHABILITATION
AND
SUPPORTED EMPLOYMENT PROGRAMS**



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

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SECTION 1: 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 on-site monitoring review of the State Vocational Rehabilitation Services program (VR program) and the State Supported Employment Services program (Supported Employment program) administered by the Nevada Vocational Rehabilitation Division (VRD). The nature, scope, and focus of this review and the process by which RSA carried out its activities from June 13, 2023 through June 15, 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 Program Unit); Shannon Moler and Terry Martin (Technical Assistance Unit); Yann-Yann Shieh (Data Collection and Analysis Unit); and David Miller (Fiscal Unit). Although not all team members participated in all aspects of the on-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 State Rehabilitation Council (SRC), the Client Assistance Program, advocates, and other stakeholders 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 expended approximately 69 percent of its Federal award in FFY 2019, 61 percent in FFY 2020, and 49 percent in FFY 2021. VRD attributed this decline to a State rule that prohibited the use of State funds until all other funding streams were exhausted. This rule has since been amended to allow an exception that took effect July 1, 2023. VRD also reported that it will receive an additional one million dollars per year over the next biennium in State appropriations to use as non-Federal share. VRD receives approximately \$3.69 in Federal VR dollars for every non-Federal dollar of costs incurred

in administering the VR services portion of the Unified or Combined State plan. The additional non-Federal and Federal funds will, most importantly, provide critical services to individuals with disabilities, including individuals with the most significant disabilities, as they pursue competitive integrated employment. The RSA review team encourages VRD to give thoughtful and strategic consideration to the use of other allowable sources of non-Federal match to maximize its ability to expend all available Federal funds to serve individuals with disabilities.

- Although VRD saw a slight increase in the number of applicants from PY 2019 (2,128) to PY 2021 (2,480), or an increase of 362 individuals, the number of individuals determined eligible decreased from PY 2019 (2,126), to PY 2021 (1,745), a decrease of 381 individuals. In Nevada, applicants can apply for VR services online, or they may call a telephone number to get one-on-one assistance to complete an application for VR services. VRD is currently using an online document signature service to capture signatures on the application. The RSA review team informed the agency that there is no regulatory signature requirement and provided technical assistance. VRD is not currently implementing an order of selection.
- The number of eligibility determination extensions rose during the period of review from 4.9 percent in PY 2019 to 12.4 percent in PY 2020 to 15.8 percent in PY 2021. Similarly, the number of extensions for development of the initial IPE rose from 16.3 percent in PY 2020 to 17.8 percent in PY 2021. Data were not available for PY 2019. VRD attributed this trend to staff attrition and indicated that VR counselor vacancies were as high as 30 percent during the period of review. Currently, this vacancy rate is closer to 15 percent as a result of recruitment efforts and a recent salary increase for VR counselors enacted by the State legislature. VRD reported that efforts continue to build staff morale as management shared that low wages, large caseloads, and the high vacancy rate are all issues they are working to improve. VRD management staff shared that they have worked diligently in providing information about the VR program to their State legislature through meetings, presentations, and in writing. RSA recognizes that VRD's efforts resulted in salary increases for VR counselors and an increase in the VR agency's State appropriation.
- In terms of VR program participant attrition during the period of review, the number of participants with an IPE who received VR services decreased from 4,412 in PY 2019, to 4,074 in PY 2020, and further to 3,910 in PY 2021. The number of individuals who exited the VR program after development of an IPE who did not achieve an employment outcome remained relatively stable with 41.0 percent or 913 individuals in PY 2019 and 42.5 percent or 1,141 individuals in PY 2021. The most common reason for closure of an individual's service record was reported as "unable to locate or contact" with 31.6 percent or 703 individuals in PY 2019, 34.6 percent or 736 individuals in PY 2020, and 34.7 percent or 932 individuals in PY 2021. Individuals indicating that they were no longer interested in receiving services or further services comprised the second highest closure reason with 24.5 percent or 546 individuals in PY 2019, 21.7 percent or 461 individuals in PY 2020, and 26.1 percent or 700 individuals in PY 2021. Consequently, the number of participants who exited the program after achieving competitive integrated employment or supported employment decreased from 23.8 percent or 529 individuals in PY 2019, to 19.8 percent or 422 individuals in PY 2020, and 20.1 percent or 540 individuals in PY 2021. PYs 2019, 2020, and 2021 data indicate that VRD's employment

rate was 36.7 percent, 29.0 percent, and 32.1 percent, respectively. VRD shared several strategies for improved participant engagement, including using technology in order to meet with participants virtually when face-to-face meetings were not feasible, and virtual meetings have been adopted as an ongoing business practice to reach individuals who may have challenges meeting in the office. The agency reportedly conducts virtual meetings with participants who live in rural areas, or who have difficulty getting to their local office, with the expectation that counselors will make contact with participants at a minimum of once every 30 days. Agency staff also noted that an agency IPE workgroup is assembled weekly to “fast track” decisions that require an exception to VRD policies, such as out-of-state training, to help maintain participant engagement without long delays in service provision.

- The number of participants who received VR services decreased from 3,890 in PY 2019 to 3,567 in PY 2020 and increased to 3,754 in PY 2021. Data also show that in PY 2019, 111, or 2.9 percent, of these participants received bachelor’s degree training, steadily declining to 92 participants, or 2.6 percent, in PY 2020 and 82, or 2.2 percent, in 2021. Among training services, VRD provided occupational or vocational training to the highest number of participants over three program years; however, data show a decline with 373 participants (9.6 percent) in PY 2019, 195 (5.5 percent) in PY 2020, and 196 participants (5.2 percent) in PY 2021. VRD reported on the RSA-911 that it expended a total of \$1,384,673 on purchased training services in PY 2019, \$983,421 in PY 2020, and \$1,073,148 in PY 2021.
- Regarding the WIOA performance measures, VRD’s measurable skill gains rose from 15.2 percent in PY 2019, to 17.3 percent in PY 2020, and substantially to 42.5 percent in PY 2021. The credential attainment rate for PY 2019, which was the first year data for this indicator were reported, was 0.0 percent. This rate rose to 7.5 percent in PY 2020 and 18.4 percent in PY 2021. Data reported for PYs 2019, 2020, and 2021 indicate the employment rate in the second quarter after exit fluctuated during the period of review from 56.2 percent to 47.5 percent, and 53.6 percent, respectively. Additionally, the employment rate at the fourth quarter after exit decreased from PY 2019 through PY 2020 from 54.4 percent to 45.3 percent but rebounded in PY 2021 to 48.2 percent. In PY 2019 through PY 2021, median earnings at the second quarter after exit fluctuated annually from \$4,019, to \$3,672, and \$5,167, respectively. This placed the agency’s median earnings for PY 2021 above the National median of \$4,776. VRD attributed this trend to high-paying low-skilled jobs that do not require credential attainment, such as those in the warehouse and casino industries. The RSA review team provided technical assistance to explain the relationship between the WIOA performance indicators and quality employment outcomes.
- The RSA review team inquired about the low numbers of services being provided throughout the monitoring period. Training services were seldom provided. VRD staff cited that comparable benefits may not be tracked correctly by VR counselors, and it is possible that many services such as the agency’s practice of trial semesters may be coded in its case management system incorrectly as assessment services rather than training or career services. The agency attributed the coding errors to its switch to a new case management system in April of 2019.
- The total number of students with disabilities reported by VRD decreased from 4,536 in PY 2019, to 4,282 in PY 2020, but increased to 4,617 in PY 2021. Of the students

reported, 1,590 students in PY 2019, 719 students in PY 2020, and 1,275 students in PY 2021 received pre-employment transition services. Of the students who received such services, 904 students in PY 2019, 140 students in PY 2020, and 662 students in PY 2021 were potentially eligible for VR services. Furthermore, 686 students in PY 2019, 579 students in PY 2020, and 613 students in PY 2021 were VR applicants. The number of pre-employment transition services provided increased from 8,930 services in PY 2019, to 9,443 services in PY 2020, and 13,974 services in PY 2021.

- NV did not meet the pre-employment transition services 15 percent reserve expenditure requirements in FFYs 2019, 2020, and 2021. VRD reported that a majority of spending on pre-employment transition services prior to FFY 2021 was provided through third-party cooperative arrangements (TPCAs), which ended due to the financial struggles of vendors during the pandemic. RSA issued a Section 107 pre-employment transition services non-compliance letter to VRD on June 12, 2023. RSA will work with VRD to resolve the FFY 2023 corrective action plan developed in response to the non-compliance letter outside the scope of this monitoring report.

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.

Insufficient/Restrictive Policies and Procedures

VRD submitted its policy manual and procedures in effect during the three-year review period. VRD reported that it has made an effort to separate its public-facing policy manual from its internal procedures so that it now has a VR desk guide for participant services containing procedures available internally for staff. RSA noted through the document review and the VR counselor interview that procedures on how to conduct processes in its case management system are missing from both the manual and desk guide (e.g., eligibility and IPE extensions; trial work experiences). The RSA review team recommends that VRD include links to its case management system processes in the desk guide for VR counselors to easily access. It is also recommended that VRD ensure the policy manual and desk guide contain consistent information.

VRD also provided three policy directives for RSA's review. It is not clear to the RSA review team when or how these policy directives, which were sent to staff by email, were included in the policy manual or desk guide. Further observation and recommendations related to insufficient/restrictive policies and procedures are listed below.

- Section 1, Title: Authority, Mission, Equal Rights and Residency – The RSA review team noted that the public facing manual and the VR desk guide, which is used by VRD staff,

only list the WIOA performance indicators without written policies and procedures for data collection, validation, and reporting of specific data elements for the VR and Supported Employment programs and Section 116 of WIOA. VRD was advised to develop and implement policies and procedures for the following WIOA primary indicators of performance: Employment Rate—Second Quarter After Exit, Employment Rate—Fourth Quarter After Exit, Median Earnings, Credential Attainment, Measurable Skill Gains, and the Effectiveness in Serving Employers.

- Section 6: Application – The RSA review team noted that the public-facing policy manual and the VR desk guide are not consistent on the date an individual submits an application for VR services. The policy manual states that an application is signed and dated when an individual requests services. The corresponding VR desk guide states that the formal date of application is the date the agency receives the application via any modality and any lag time between the receipt of the application and the intake interview is counted toward the sixty-day eligibility determination timeframe.

The public-facing policy states—

Nevada has established an online process for application submission. Individuals interested in services are directed to watch the online orientation video and complete a questionnaire through the online portal at Department of Employment Training and Rehabilitation – Rehabilitation Division. After the questionnaire is submitted, an application link is sent to the individual to complete and digitally sign. After VR receives the completed application, the individual is scheduled and notified of their intake appointment and method with assigned counselor.

VRD explained that the application link is sent to individuals interested in applying for the VR program the same day the questionnaire is submitted, but the RSA review team found no internal controls in place to ensure the dates are consistent. The RSA review team provided technical assistance and informed the agency that there is no requirement that a questionnaire be submitted or that an application for VR services be signed.

- Subsection 12.5: Postsecondary Education and Training at Vocational Training Facilities – The public-facing postsecondary education and training policy states—

Students seeking a 4-year degree must complete all available classes at the most cost-effective local public college (such as a community college) that offers associate degrees until they earn their associate degree, transfer degree or equivalent prior to transferring to a university to complete the remainder of their degree program. Students who wish to start at the University may do so if they pay the cost difference between the two programs.

The corresponding VR desk guide further states—

As previously noted, students must complete all available classes at the most cost effective local public college (such as a community college). Students seeking a 4 year degree must complete their associate degree, transfer degree or equivalent

prior to transferring to a more expensive university that offers bachelor's degrees for the remainder of their degree program. Exceptions must be approved by the agency representative with the corresponding IPE level review and approval and generally will only be granted when a college, such as Gallaudet, meets specific disability needs. Exception approval may be waived if the student pays the cost difference between the two schools.

Even though the desk guide mentions that exceptions must be approved by the agency representative with the corresponding IPE level review, the RSA review team did not find an exception process documented in the desk guide nor does it include information related to RSA-TAC-22-03 Prohibition Against Applying Financial Needs Tests or Requiring Cost Participation as a Condition for the Receipt of VR Services for SSI and SSDI Recipients. The public-facing policy and the desk guide also state that the VR program may fund training at private or out-of-state institutions or in-state training not within commuting distance of the participant's residence at the same level of funding that VR would provide at the most cost-effective in-state publicly supported institution that is within commuting distance of the participant's residence; however, neither specify how commuting distance is defined. The RSA review team reminds VRD that it should avoid implementing burdensome processes that could be seen as a disincentive for VR counselors to provide VR services or impede the informed choice of individuals in need of such services.

As mentioned previously, RSA also noted that VRD's desk guide states that the agency may use trial semesters for transition students and adults after completing an assessment of vocational rehabilitation needs that takes into consideration the individual's interests, abilities, resources, priorities etc., and that the vocational goal may include a broad projected goal for transition students and a specific goal that appears feasible based on background, labor market, etc. for adults. In both situations, the VR desk guide states that additional research into the feasibility of the goal may be completed during the trial semester. The agency's students and youth with disabilities policy further states that there may be occasions when it is uncertain if the student has the ability to complete the educational requirements or reach a particular vocational goal requiring postsecondary education, so a trial semester may be considered and used; however, the RSA review team did not find mention of trial semesters for adults in its public-facing policy manual.

The RSA review team reminds VRD that trial semesters are considered postsecondary training and must not be used to assess whether an individual can achieve an employment goal. If an individual is accepted into a program, the individual has met the requirements for attending postsecondary education, which should be sufficient to support the service. If an individual fails a semester of training, then the VR counselor should reassess the employment goal and services needed.

- Section 14: Students and Youth with Disabilities – VRD has not updated its policy manual and desk-guide to include information from the Final Notification of Interpretation (NOI) Regarding the Use of Federal Vocational Rehabilitation Funds Reserved for Pre-Employment Transition Services. The RSA review team stated that the agency must update this information as this could help the agency meet its 15 percent

reserve requirement under Sections 110(d)(1) and 113(a) of the Act and 34 C.F.R. § 361.65(a)(3).

- Section 19: Closures – In regard to case closures, the RSA review team noted that the public-facing policy says, “participants will receive at least two written attempts in addition to a closure notice to resume active participation before the agency proceeds with case closure due to lack of contact or failure to follow through.” At the time of the review, the VR desk guide also said, “before closing a case for lack of contact or follow through, the counselor must make at least two written attempts (e-mail, letters and The Semi-Autonomous Rehabilitation Assistant (SARA) electronic communication) to contact and provide an opportunity for the individual to contact the counselor and resume active participation.” The RSA review team provided technical assistance to the agency on customer engagement since it was noted that the notification received from SARA may show up as “unknown,” which means VR applicants and participants may not be receiving these notifications. The RSA review team suggested that the agency should exhaust all reasonable means of contact before closing a case, such as a telephone call, sending an email, or a letter. VRD may also find it helpful to develop and implement a VR participant contact policy. The agency should consider strengthening the agency’s policies and procedures in these areas to minimize case closures and reengage participants in the VR process.
- Section 24: Formal Case Review Process – In regard to VRD’s formal case review process, the RSA review team noted that the agency’s public-facing policy only says, “the agency has a case file review system in place designed for internal control for quality service provision and compliance with all applicable regulations.” While the VR desk guide goes into more detail on the case review process and mentions the case review tool, it is still missing a detailed process of how to complete a formal case review.
- Supplemental Security Income/Social Security Disability Insurance (SSI/SSDI) and Financial participation directive dated May 16, 2022 – The RSA review team is not clear on when or how this policy directive, which was sent to staff by email, is included in the policy manual or desk guide. The directive states—

Effective immediately, VR will not require recipients of SSI for a disability and SSDI to financially participate in the cost of maintenance services as cited in current Policy and Procedure Section 12.5, Maintenance (page 17), This comes in response to RSA Technical Assistance Circular (RSA-TAC-22-03), which prohibits beneficiaries of SSI due to a disability and SSDI from financially participating in the cost of VR services. We are awaiting further guidance from RSA through the VR Technical Assistance Center-Quality Employment (VRTAC-QM) as it relates to SSI/SSDI being used as a comparable benefit for other case service scenarios.

During the review, the agency further asked for clarification on whether SSI/SSDI benefits are considered to be a comparable benefit. The RSA review team provided technical assistance related to the prohibition against applying financial needs tests or requiring cost participation as a condition for the receipt of vocational rehabilitation

services for SSI and SSDI recipients. The RSA review team clarified that SSI and SSDI are not comparable benefits but are considered income to help support ordinary living expenses, and if a VR agency maintains written policies for applying a financial needs test or requiring client financial participation in the cost of VR services, SSI and SSDI recipients are exempt from both under 34 C.F.R. § 361.54(b)(3)(ii).

- Funding Inclusive Postsecondary Education/Comprehensive Transition Programs (CTP) dated June 28, 2022 – This directive states that funding for a two-year pilot with the University of Nevada at Reno and Las Vegas to evaluate the effectiveness of CTPs on employment outcomes for participants with intellectual and/or developmental disabilities is exempt from the agency’s financial participation policies, including tuition and fees. The RSA review team pointed the agency to 34 C.F.R. § 361.54(b)(2)(ii), which states that if the VR agency chooses to consider financial need, its policies must be applied uniformly to all individuals in similar circumstances. Since there is no Federal requirement that the financial need of individuals be considered in the provision of VR services (34 C.F.R. § 361.54(a)), VRD may waive financial means testing vocational training as a whole, but the agency must not arbitrarily waive financial need requirements for only one training program (34 C.F.R. § 361.50(a)).
- Post-Employment Services dated July 1, 2022 – This directive states that VRD reviewed RSA-FAQ-22-03 RSA Frequently-Asked Questions: Post-Employment Services and “guidance published by [its case management system]. Unfortunately, [the case management system] does not have a workaround that is sufficient and compliant with the performance accountability system requirements for WIOA.” The agency reported that it found a manual workaround to track post-employment services in employment status rather than post-employment status with the help of the VRTAC-QM and now does not have a need for the manual process. The agency updated its post-employment process in the VR desk guide to be consistent with RSA-FAQ-22-03. The RSA review team encouraged the agency to ensure all references to post-employment services in the manual and desk guide are consistent with RSA-FAQ-22-03.

The RSA review team encourages VRD to review, 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. 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 training programs can deter opportunities for individuals with disabilities to maximize their employment and careers. The agency is encouraged to seek technical assistance from the Vocational Rehabilitation Technical Assistance Center for Quality Management (VRTAC-QM). Refer to the technical assistance section of this focus area for more information about the technical assistance provided regarding VRD’s policies, procedures, and directives.

Limited Early Engagement of Students with Disabilities through Pre-Employment Transition Services

VRD has developed comprehensive policies, procedures, and internal controls to facilitate the accurate tracking and reporting of direct time spent on the arrangement or provision of required

pre-employment transition services or pre-employment transition coordination activities as required by Section 101(a)(10) (C) and 34 C.F.R. § 361.40. However, the agency has encountered deficiencies in the execution of these established guidelines and internal controls which has hampered the agency's ability to consistently track and report pre-employment transition services. For example, for each student with a disability who receives pre-employment transition services, VRD must track and report the services, whether purchased or directly provided, on the RSA-911 and maintain appropriate documentation at the individual student level in the agency's case management system. In addition, VR agencies are required to report staff time and expenditures for required, coordination, and authorized pre-employment transition service activities on the RSA-17 and maintain supporting documentation for the time staff spent on these activities. While acknowledging the challenges associated with tracking and reporting of pre-employment transition services, the RSA review team emphasized that in accordance with 34 C.F.R. § 361.12, VRD must implement policies and procedures that ensure the proper and efficient administration of the VR program, including those necessary to carry out all functions for which the VR agency is responsible. VRD must develop and implement policies and procedures to collect accurate data (i.e., pre-employment transition services provided in-house and contracted services) and verify its accuracy through the required supporting documentation. VRD must also monitor and evaluate performance through the agency's internal controls, in accordance with 2 C.F.R. § 200.303.

At the time of the review, the RSA Review team learned that potentially eligible students with disabilities are initially assigned to a vacant caseload and then moved to an active one when pre-employment transition services are authorized. VRD must examine this process to assess methods to increase the number of potentially eligible students in receipt of pre-employment transition services and ensure that the potentially eligible caseload is actively managed by personnel rather than just a holding area for those students with disabilities seeking services. By actively managing the potentially eligible caseload, VRD can ensure that students with disabilities and their families have the information, tools, and resources needed to be informed about VR services, including individualized and group transition services as described in 34 C.F.R. §§ 361.48(b)(18) and 361.49(a)(7). The VR services portion of VRD's Unified or Combined State Plan must assure that services provided including pre-employment transition services, will be available in all political subdivisions of the State. Pre-employment transition services are required to be made available statewide. For VR services that are not available statewide, a waiver of statewideness must be requested and approved in accordance with 34 C.F.R. § 361.26. Refer to the Technical Assistance and Recommendations on Pre-Employment Transition Services Tracking and Reporting section of this focus area for more information about the technical assistance provided in this area.

Virtual Job-Shadowing License: VRD and the Nevada Department of Education (NDE) and Practical Assessment Exploration System (PAES) Kits

VRD and NDE entered into a contract to purchase 18,000 virtual job shadowing licenses to provide pre-employment transition services to potentially eligible students with disabilities. Both entities equally share the licenses, with VRD and NDE each purchasing 9,000 units. The RSA review team is unclear how the 18,000 number is determined or the process by which potentially eligible students are tracked and reported once they complete job shadowing activities since

these licenses were purchased under authorized activities even though job shadowing is a required pre-employment transition service. The RSA review team informed VRD that students with disabilities, including potentially eligible students receiving pre-employment transition services must meet the definition of a “student with a disability” and VRD must ensure it receives documentation verifying those students with disabilities and the services provided in order to assign costs to the reserve and report data accurately. VRD must also track and report each student with a disability who receives pre-employment transition services on the RSA-911 and maintain appropriate documentation at the individual student level in the agency’s case management system.

Similarly, VRD has purchased PAES kits under authorized activities to assess and enhance the employability skills of students with disabilities. These kits provide hands-on learning experiences, evaluate job performance and workplace skills, and identify career interests. In addition, the kits highlight each student’s strengths and potential employment barriers, enabling targeted support and program improvement. In a manner akin to the virtual job shadowing license, VRD is mandated to supervise and document the pre-employment transition services given to students with disabilities, including potentially eligible students. To ensure that funds reserved for pre-employment transition services are serving only those students eligible for such services, VR agencies must maintain verifying documentation in individual case files.

The agency must ensure that it addresses the needs of all students with disabilities statewide through pre-employment transition services required and coordination activities. Once established, VRD can direct any remaining funds from the allocated 15 percent for pre-employment transition services toward authorized activities. This process further requires the recording of services in the RSA-911 and the maintenance of comprehensive individual records within the agency’s case management system. Refer to the Technical Assistance and Recommendations on Documentation Requirements for Potentially Eligible Students with Disabilities section of this focus area for more information about the technical assistance provided in this area.

Lack of Training Services Leading to Quality Employment Outcomes

As noted previously, VRD’s employment rate went from 36.7 percent in PY 2019 to 29.0 percent in PY 2020 to 32.1 percent in PY 2021. The agency attributed this decline in performance to the effects of the pandemic. The RSA review team reminded VRD that its decline in performance began prior to the onset of the pandemic and pointed the agency to the [FFY 2018 monitoring report of the NV vocational and supported employment programs](#). This report also shows a decline in agency’s performance in that the employment rate decreased from 53.5 percent in FFY 2015 to 41.7 percent through the first three quarters of FFY 2017. The review team pointed out to the agency that, even though the employment rate is not one of the performance indicators under Section 116 of WIOA, when individuals with disabilities exit the VR program with competitive integrated employment outcomes, they are more likely to be employed in the second and fourth quarters after exit.

Regarding the most frequent SOC codes for participants who exited with competitive integrated employment or supported employment, RSA-911 data from PY 2022 quarter four show that most participants were employed as stock clerks and order fillers, with median hourly earnings of

\$13.00. Note the minimum wage in Nevada increased from \$8.25 per hour in 2019 to \$10.50 per hour in 2022. The next two most common SOC codes in which competitive employment outcomes were classified included jobs that require no formal education (laborers and freight, stock, and material movers, hand and fast food and counter workers) for typical entry level positions (see Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook at <https://www.bls.gov/ooh/>).

RSA-911 data show VRD provided bachelor's degree training for only 111 participants (2.9 percent) in PY 2019, 92 participants (2.6 percent) in PY 2020, and 82 participants (2.2 percent) in PY 2021. Data also show that the agency provided occupational or vocational training for 373 participants (9.6 percent) in PY 2019, 195 participants (5.5 percent) in PY 2020, and 196 participants (5.2 percent) in PY 2021. In comparison, VRD provided rehabilitation technology services to 289 participants (7.4 percent) in PY 2019, 202 participants (5.7 percent) in PY 2020, and 264 participants (7.0 percent) in PY 2021. While the agency reported on the RSA-911 that it expended \$274,477 on bachelor's degree training and \$420,598 on occupational and vocational training in PY 2021, it reportedly expended \$644,831 on rehabilitation technology services during the same time period. The agency attributed the higher expenditures on rehabilitation technology to the purchase of hearing aids for participants in need of job retention services. VRD also reported that it provided assessment services to 911 individuals for a total cost of \$1,048,094 in PY 2021. As mentioned previously, it was noted during the onsite review that trial semesters may be coded in the agency's case management system incorrectly as assessment services rather than training or career services.

The limited training services leading to quality employment outcomes is consistent with the agency's high quarterly median earnings, which the agency attributed to low-skilled jobs in the warehouse and casino industries. The RSA review team recommended that the agency provide training services to VR participants to also meet the needs for high-skilled employment in the warehouse and casino industries in the State. The review team reminded VRD that regulations implementing the amendments to the Rehabilitation Act made by WIOA emphasize the provision of services, including financial support for postsecondary education, designed to lead to high-quality competitive integrated employment outcomes (see 34 C.F.R. § 361.48(b)(6)). 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.

The mission of the VR program is to maximize employment opportunities for all individuals with disabilities, including those with the most significant disabilities, and to assist individuals with disabilities to achieve economic self-sufficiency. The achievement of quality employment outcomes requires an investment in quality services and training, including the use of funds to support training programs and education leading to measurable skill gains and credentials. As stated in RSA-TAC-23-03, VR agencies are uniquely positioned to influence the employment success of individuals with disabilities through the investment in training and services to employers as outlined in 34 C.F.R. § 361.32(c). Employers should have access to skilled workers to compete in the global economy, and skilled workers with disabilities should have access to high-paying careers in areas such as STEM, green industries, critical infrastructure fields, and other expanding industries. Strategies and investments around these efforts will assist VRD in gaining a better understanding of the local labor market, developing meaningful relationships

with employers and other partners in the workforce development system, designing VR services and training to meet employer needs, and providing opportunities for cross-agency coordination to help improve competitive integrated employment outcomes for individuals with disabilities.

WIOA Performance Indicators Case Review Summary

The RSA review team reviewed eight case service records of VR participants' employment rates in the second quarter after exit and median earnings, and eight case service records of VR participants' credential attainment during VR participation and exited within a year. The purpose of the case review was to ensure essential data elements during VR participation and post-exit data are reported correctly, including supporting documentation for post-exit employment status, median earnings, and credential attainment. The RSA review team found the following issues during the case service record review:

- Inconsistent reporting of essential data elements in the case management system and data shown on RSA-911 (i.e., eligibility date, initial plan date, and exit date);
- Using the State Wage Interchange System (SWIS) to report post-exit employment status and earnings without a written internal control process for data collection and validation of post-exit data and wage information;
- Insufficient supporting documentation for verifying credential attainments like high school diploma, postsecondary attainments, or vocational certificate;
- Inconsistent reporting on enrollment data shown in the case management system and the RSA-911 report, which agency staff reported being due to converting to a new case management system and some case enrollment data needing to be entered manually;
- Inability to follow up post-exit credential attainment and solely relying on the SARA system for participants to get notifications; and
- Inconsistent RSA-911 data reporting on closure and using a pre-closure letter indicating an official closure date from the VR program without the date in the pre-closure letter matching data reported on the RSA-911 in most cases reviewed.

The RSA review team provided the following recommendations and technical assistance to VRD:

- Discussed and requested that the agency further review RSA-TAC-19-01: Guidance for Validating Jointly Required Performance Data for data verification;
- Clarified that quarter-two and quarter-four of each program year should be reported for post-exit data and how to identify this information in the SWIS wage report;
- Shared an example of a data validation tool that the agency can use to develop an internal control process for data collection and validation of post-exit data and wage information, including processes for staff to verify the accuracy of post-exit information shown in the case management system;
- Recommended that VRD staff work with the case management system provider for tracking enrollment data;
- Recommended that VRD develop an internal control process for case closures, including pre-closure and final closure letters, to ensure closure dates match the information reported on the RSA-911; and

- Recommended that VRD assign staff to follow up with clients after exiting the program for credential attainments.

Technical assistance

Application Procedures

In regard to application procedures, once a referral has been made, consistent with 34 C.F.R. § 361.41(b)(2), individuals with disabilities may request VR services in a variety of ways, such as—

- By completing and signing a VR agency’s application form in writing or online;
- By completing a common intake application form at a one-stop center or online requesting VR services; or
- By otherwise requesting services from the VR agency, such as by telephone, email, or letter to the VR agency.

There is no requirement that applications be submitted in writing or that they be signed; once an application is received, the VR agency can document how the request was received. There is also no requirement that a questionnaire be submitted prior to requesting VR services. For RSA-911 reporting purposes, the application date should be the date on which the application is submitted to the agency.

Documentation Requirements for Potentially Eligible Students with Disabilities

Although much less documentation is required with respect to students with disabilities who are receiving pre-employment transition services prior to applying or being determined eligible for VR services, some basic documentation is necessary to ensure that: (1) these students indeed have a disability and, thus, are “potentially eligible” for VR services; and (2) the VR agency has sufficient information necessary for it to complete the RSA-911 Case Service Report and satisfy performance accountability requirements under Section 116 of WIOA. To that end, the data elements required for a student with a disability who is receiving pre-employment transition services and has not applied for or been determined eligible for VR services include: a unique identifier, social security number (if available), date of birth, race (required if student is in elementary or secondary education), ethnicity (required if student is in elementary or secondary education), student’s disability, start date of pre-employment transition services and the pre-employment transition services provided, including the type of provider and amount expended for the service. The requirements in 34 C.F.R. 361.47 and 34 C.F.R. 361.56 collectively require VR agencies to maintain verifying documentation in an individual’s case file. It is important to note that the use of an electronic case management system, does not remove the requirement for an agency to maintain either hard copies or scanned copies of required supporting documentation in the individual’s service record.

Supporting documentation, relevant to the above-identified required documentation, may include—

- Case note documenting counselor observation, review of school records, statements of education staff; or

- Referral form for pre-employment transition services with the identification of a student's disability, signed by school staff and parent/guardian if the student is under the age of majority in a State (parental consent to participate in pre-employment transition services is governed by State law, as well as policies of the educational programs and the VR agency); or
- Copy of an individualized education program (IEP) document, Social Security Administration (SSA) beneficiary award letter, school psychological assessment, documentation of a diagnosis or disability determination or documentation relating to Section 504 accommodation(s).

Pre-Employment Transition Services Coordination, Authorized Activities, and the 15 Percent Set-Aside Determination

The RSA review team provided technical assistance on VRD's fiscal forecasting methodology, including how to forecast the number of students with disabilities in the State of Nevada in need of pre-employment transition services, project the number of eligible and potentially eligible students with disabilities in the State, accurately determine the number of students currently being served by VRD, determine the cost per student to provide required activities, and calculate the amount of funds necessary for the provision of required activities under pre-employment transition services to students with disabilities and the cost to participate in the pre-employment transition coordination activities. RSA clarified that fiscal forecasting is based on student need, not staff or fiscal capacity.

The RSA review team observed that a temporary employment agency is used by VRD to fill the transition coordinator position through contracts, which are reported as pre-employment transition services coordination activities. The RSA review team stressed the need to report actual expenditures associated with the direct provision of "required" and "coordination" pre-employment transition services.

Although the activities under 34 C.F.R. § 361.48(a)(3)(v) (authorized activities) and 361.48(a)(4)(iii) (coordination activities) are similar, they each have a different focus. The focus of the coordination activities found in 34 C.F.R. § 361.48(a)(4)(iii) includes working with schools to coordinate and ensure the provision of pre-employment transition services to students with disabilities specifically, while the focus of the authorized activities found in 34 C.F.R. § 361.48(a)(3)(v) includes coordinating activities with transition services provided by local educational agencies under the Individuals with Disabilities Education Act (IDEA). More information about tracking and reporting of pre-employment transition services can be found in the pre-employment transition services tracking and reporting technical assistance summary below.

The RSA review team noted that the Nevada Vocational Rehabilitation Technical Manual for Fiscal Processes: Pre-Employment Transition Services (Pre-ETS) document submitted for RSA's review should be updated to include current information. 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:

1. 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;
2. 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
3. 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 pre-employment transition services 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 reserve required pre-employment transition services funds prior to the provision of 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)). See the attached Pre-Employment Transition Services: Reserve Set-Aside Determination Guide for additional details.



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The RSA review team encouraged VRD to develop strategies to meet or exceed the reservation and expenditure of 15 percent of Title I VR funds for arranging and providing pre-employment transition services to students with disabilities and provided the agency with a link to [Strategies for Managing the Pre-Employment Transition Services 15 Percent Minimum Reserve Requirement](#) located on the VRTAC-QM’s website. Additionally, the RSA review team strongly encourages VRD to seek technical assistance from the National Technical Assistance Center on Transition (NTACT: C).

Pre-employment Transition Services Tracking and Reporting

Regarding tracking pre-employment transition services costs for individual students, RSA clarified that State VR agencies that reimburse vendors for actual costs through contracts must be able to account for the contract expenditures in a manner that permits the agency to report

individual student services on the RSA-911. In addition, if a VR agency develops a contract with a vendor for the reimbursement of actual vendor expenses and includes the provision of “required,” “coordination,” and “authorized” pre-employment transition service activities, the VR agency must ensure there is sufficient information from the vendor to permit allocation of the contract costs to the appropriate service categories for reporting purposes.

Since only the actual contract expenditures associated with the direct provision of “required” pre-employment transition services are reported on a per-student basis on the RSA-911, the VR agency must be able to differentiate those costs from the costs associated with the provision of pre-employment transition “coordination” and “authorized” activities. Therefore, the VR agency must receive data from the vendor regarding each of the categories of pre-employment transition services provided during the billing period, as well as a breakdown of the students who received such services, in order to report the requisite data.

The tracking of costs for the RSA-911 is only required for purchased required activities, including those purchased under a contract providing required activities to students with disabilities. Purchased service costs from the 15 percent reserve are also reported on the RSA-17 reports. VRD must be able to track and report required activities for each student with a disability in receipt of such services, as well as pre-employment transition coordination and authorized activities on the RSA-17.

Prohibition Against Applying Financial Needs Tests or Requiring Cost Participation for SSI/SSDI Recipients

RSA-TAC-22-03 Prohibition Against Applying Financial Needs Tests or Requiring Cost Participation as a Condition for the Receipt of Vocational Rehabilitation Services for SSI and SSDI Recipients states—

Regulations in 34 C.F.R. § 361.54(b)(3)(ii) prohibit agencies from applying a financial needs test or requiring financial participation as a condition for providing VR services to individuals with disabilities eligible to receive SSI or SSDI benefits. In other words, if a State VR agency maintains written policies for applying a financial needs test or requiring client financial participation in the cost of VR services, SSI and SSDI recipients are exempt from both under 34 C.F.R. § 361.54(b)(3)(ii).

Note that this guidance is not new, but simply a clarification.

This means that participants in receipt of SSI/SSDI are not required to participate financially for any service on the IPE even if a State has a policy requiring financial participation at private or out-of-state colleges. Exceptions must be granted, so that services are not limited, and services must be consistent with what the agency and the individual agree to include on the IPE following the mandatory procedures at 34 C.F.R. § 361.45(d). No individual who receives SSI/SSDI is required to pay for services on the IPE, and the agency is responsible for any unmet need after applying comparable benefits under 34 C.F.R. § 361.53. SSI and SSDI benefits are not comparable benefits. Additionally, there is no Federal requirement that VR agencies consider the financial need of individuals with disabilities when providing VR services (34 C.F.R. § 361.54(a)).

If a VR agency fails to comply with the prohibition in 34 C.F.R. § 361.54(b)(3)(ii), it may be preventing SSI and SSDI recipients from receiving the full array of VR services needed to achieve their employment outcomes. Financial needs tests and policies that require participation in the cost of VR services may disincentivize individuals from participating in the VR program, thereby hampering their ability to achieve competitive integrated employment and reduce reliance on public benefits.

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 2.1 Insufficient Internal Controls to Manage the Provision of Pre-employment Transition Services

Issue: Does VRD report accurate and valid data to RSA regarding students receiving pre-employment transition services under Section 113, in accordance with Sections 13, 14, 101(a)(10) and 113 of the Rehabilitation Act and 34 C.F.R. § 361.40(a).

Requirement: A State VR agency must assure, in the VR services portion of the Unified or Combined State Plan, that it will employ methods of administration that ensure the proper and efficient administration of the VR program. 2 C.F.R. § 200.303 requires that VR agencies develop an internal controls process to provide a reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, and reliability of reporting for internal and external use; and that this process is established and implemented as a measure of checks and balances to ensure proper expenditures of funds, including the evaluation and monitoring of compliance with statutes, regulations and the terms and conditions of Federal awards.

Analysis: During the on-site review, the review team noted that VRD's policies, procedures, and internal controls were not sufficient for coding, tracking, and reporting of pre-employment transition services. While the agency provided procedures for reporting actual services, it was not clear how services provided by vendors track back to individual students with disabilities to whom those services are provided. It was also not clear to the review team how the agency determines if students receive appropriate services from vendors or how hours are tracked per individual student for each required pre-employment transition services activity provided.

The agency stated that there are approximately 18,000 students with disabilities in the State receiving services under an IEP or Section 504. VRD purchases 9,000 virtual job-shadowing licenses and Nevada Department of Education (NDE) purchases 9,000 job-shadowing licenses to provide computer based work-based learning experiences that are supervised by classroom teachers. These teachers report when services are provided to students and identify that students have a disability. Similarly, VRD has purchased PAES kits under authorized activities to assess

and enhance the employability skills of students with disabilities. The RSA review team observed that a temporary employment agency is used by VRD to fill the transition coordinator position through contracts, which are reported as pre-employment transition services coordination activities. The RSA review team is unclear how required activities are tracked and reported once students with disabilities receive these services.

VRD acknowledged that it may be providing more services and touching more students than records show since it is unable to capture the information needed to report correctly on the RSA-911. VRD stated that it is working to improve its ability to determine when students receive pre-employment transition services and that it is starting with Clark County to learn how to pull LEA reports that interface with the agency's case management system. The review team informed VRD that it must develop and implement policies and procedures to collect accurate data from service providers and verify its accuracy through the required supporting documentation in an individual's case file. VRD must have processes and internal controls in place to report data accurately, whether services are provided in-house or through contracted services.

Additionally, the review team noted that the agency's set-aside determination related to the provision of pre-employment transition services authorized activities must be updated. VRD currently bases this determination on the reasonable expected number of students it will serve in the current federal fiscal year, and any known upcoming activity, trends and historical info, rather than the number of students with disabilities in the State who need pre-employment transition services required and coordinated activities. VRD must also update its pre-employment transition service policy since it lacks updates located in the NOI regarding pre-employment transition services.

Conclusion: In accordance with 34 C.F.R. § 361.12, VRD must implement policies and procedures that ensure the proper and efficient administration of the VR program, including those necessary to carry out all functions for which the VR agency is responsible. VRD must also monitor and evaluate performance through the agency's internal controls, in accordance with 2 C.F.R. § 200.303. Based on the review of VRD's existing policies, procedures, and internal controls related to pre-employment transition services, the RSA review team determined that VRD was not in compliance with the requirements in 34 C.F.R. § 361.12 or 2 C.F.R. § 200.303.

Corrective Actions 2.1 RSA requires that VRD—

- 2.1.1 By the end of FFY 2024, update policies, procedures, and internal controls, including a monitoring component, to ensure the correct coding, tracking, and reporting of pre-employment transition services, whether provided in-house or through contracted services;
- 2.1.2 By the end of FFY 2024, update the agency's set-aside determination related to the provision of pre-employment transition services authorized activities; and
- 2.1.3 By the end of FFY 2024, update the agency's pre-employment transition service policy to be consistent with updates located in RSA's NOI on Pre-Employment Transition Services Flexibility Regarding the Use of Federal Vocational Rehabilitation Funds.

VR Agency Response

2.1.1 VRD has updated its internal controls, policies, and procedures related to the coding, tracking, and monitoring of pre-ETS. Additionally, VRD has developed fiscal reports to appropriately determine and track the required 15% pre-employment transition services reserve. The reporting includes:

- Pre-ETS monthly expense report.
 - Displays current and projected federal year pre-employment transition services expenditures by the required, coordination, and authorized activities.
 - Displays current and projected level of pre-employment transition services spending and where the agency sits as it relates to reaching the required 15%.
- Pre-ETS Internal Monitoring Report.
 - Document review consists of a random sampling of pre-employment transition services authorizations and payments.
 - Review of authorizations from the case management system to ensure obligations are being assigned to the appropriate Federal fiscal year award.
 - Review of authorizations from the case management system to ensure services are being pre-authorized.
 - Review samples of paid expenditures to ensure payments are being assigned to the appropriate Federal fiscal year award.

2.1.1: VRD has established a schedule for routine internal program auditing by our internal quality assurance team.

- This will ensure that we keep our procedures in step with our policies.
- That staff are following the policies and procedures.
- That the statewide transition team is working most efficiently to achieve pre-employment transition services.

2.1.1: Management Analyst IV, Statewide Transition Coordinator, and District Manager I currently meeting bi-monthly. In this forum the following activities occur:

- Review reports and pre-employment transition services progress, invoices, and current trends for all activities related to the pre-employment transition program.
- Monthly reporting to track current progress.
- Routinely review and monitor reports.
- Identify program and fiscal shortcomings.
- Escalate major concerns to RSA.
- Brainstorm ideas for further implementing established processes, or new processes, to meet fiscal shortfalls based on current program and statewide needs (i.e., PAES labs in rural communities, etc.).
- Continuously identify areas for programmatic improvement including summer camps, internships, work-based learning opportunities, etc.

2.1.2: VRD has developed policy, procedure, and reporting for purposes of determining compliance with the percentage of funds required to be reserved for the provision of pre-employment transition services authorized activities. Since the 15 percent reserve will not be a

fixed number and may fluctuate based on our ability to match VR award funds, we will monitor client and expenditure data throughout the lifecycle of the award and adjust accordingly.

- Set-Aside Determination Report
 - Reporting includes total federal award drawn and matched, the pre-employment transition services 15 percent minimum requirement, the number of clients served, the cost per client for the provision of the pre-employment transition services activities, the Federal funding used on pre-employment transition services activities (required/coordination/authorized), current and future year projections, etc.
- Set-Aside Determination Procedure
- Set-Aside Determination Policy

2.1.3 Following the RSA’s monitoring visit, VRD’s quality assurance team has conducted a robust review of the pre-employment transition services internal controls and procedures. The review has resulted in recommendations and technical assistance with development of compliant procedures and consistent with updates located in RSA’s NOI on Pre-Employment Transition Services Flexibility Regarding the Use of Federal Vocational Rehabilitation Funds.

RSA Response: RSA appreciates VRD’s update and will address pre-employment transition services noncompliance through the Section 107 non-compliance letter and the required CAP that VRD developed in response to the letter.

VR Agency Request for Technical Assistance: NV VRD appreciates RSA’s technical assistance in ensuring appropriate internal controls are in place to manage the provision of pre-employment transition services.

Finding 2.2 Insufficient Policies and Procedures

Issue: Did VRD maintain written policies covering the nature and scope of each of the VR services specified in 34 C.F.R. § 361.48, in accordance with 34 C.F.R. § 361.50, and the criteria under which each service is provided.

Requirement: Pursuant to 34 C.F.R. § 361.50, VR agencies are required to develop and maintain written policies covering the nature and scope of each of the vocational rehabilitation services specified in 34 C.F.R. § 361.48 and the criteria under which each service is provided. The policies must ensure that the provision of services is based on the rehabilitation needs of each individual as identified in that individual's IPE, as required at 34 C.F.R. §§ 361.45 and 361.46 and is consistent with the individual's informed choice pursuant to 34 C.F.R. § 361.52. The written policies may not establish any arbitrary limits on the nature and scope of vocational rehabilitation services to be provided to the individual to achieve an employment outcome.

Analysis: As part of the on-site review process, the review team analyzed VRD’s policy manual, VR desk guide, and policy directives. Examples of insufficient policies, procedures, and directives noted during the review process are listed below.

- Section 1, Title: Authority, Mission, Equal Rights and Residency – The policy and the VR desk guide must be updated to include written policies and procedures for data

collection, validation, and reporting of specific data elements for the VR and Supported Employment programs and Section 116 of WIOA;

- Section 6: Application – The policy and VR desk guide must be updated since there is no requirement that applications be submitted in writing or that they be signed, and there is no requirement that a questionnaire be submitted prior to requesting VR services;
- Section 7: Financial need and participation – The RSA review team noted that this policy must be updated to include information from RSA-TAC-22-03 Prohibition Against Applying Financial Needs Tests or Requiring Cost Participation as a Condition for the Receipt of VR Services for SSI and SSDI Recipients;
- Section 8: Eligibility Determination – The RSA review team noted that the public facing policy and the desk guide are missing information on how to complete processes in its case management system for eligibility extensions and trial work experiences;
- Section 10: Counseling and Guidance, Assessment of Vocational Rehabilitation Needs (AVRN) and Individualized Plan for Employment (IPE) – The RSA review team noted that the public facing policy and the desk guide are missing information on how to complete processes in its case management system for IPE development and IPE extensions;
- Subsection 12.5: Postsecondary Education and Training at Vocational Training Facilities – The RSA review team noted that the policy and desk guide must be updated to include consistent information related to RSA-TAC-22-03 Prohibition Against Applying Financial Needs Tests or Requiring Cost Participation as a Condition for the Receipt of VR Services for SSI and SSDI Recipients and the agency’s definition of commuting distance. The corresponding desk guide must also be updated to include a detailed exception process for students seeking a four-year degree. VRD must also cease using trial semesters since they are not required as part of a comprehensive assessment under 34 C.F.R. § 361.5(c)(5)(ii)). This should also be addressed in its students and youth with disabilities policy and procedures;
- Section 14: Students and Youth with Disabilities – The agency must update its policy manual and desk-guide to include information from the NOI Regarding the Use of Federal Vocational Rehabilitation Funds Reserved for Pre-Employment Transition Service;
- Section 24: Formal Case Review Process – The agency must ensure it includes a detailed process of how to complete formal case reviews in its desk guide;
- SSI/SSDI & Financial participation dated May 16, 2022 – The agency must include information related to RSA-TAC-22-03 Prohibition Against Applying Financial Needs Tests or Requiring Cost Participation as a Condition for the Receipt of VR Services for SSI and SSDI Recipients not only in this chapter, but also consistently throughout the policy manual and desk guide;
- Vocational Rehabilitation’s policy on funding Inclusive Postsecondary Education/Comprehensive Transition Programs (CTP) dated June 28, 2022 – This guidance must be updated to be consistent with 34 C.F.R. § 361.54(b)(2)(ii), which indicates that if the VR agency chooses to consider financial need, its policies must be applied uniformly to all individuals in similar circumstances. Since there is no Federal requirement that the financial need of individuals be considered in the provision of vocational rehabilitation services (34 C.F.R. § 361.54(a)), VRD may waive financial means testing for all vocational training, but the agency must not arbitrarily pick and

choose specific training programs for which to waive financial need requirements (34 C.F.R. § 361.50(a)); and

- Post-employment services dated July 1, 2022 – The agency must ensure that all references to post-employment services in the manual and desk guide are consistent with RSA-FAQ-22-03.

Conclusion: As a result of the analysis, RSA determined that VRD was not maintaining written policies covering the nature and scope of each of the VR services, in accordance with 34 C.F.R. § 361.50, and the criteria under which VR services are provided, as specified in 34 C.F.R. § 361.48. VRD must update its policy manual and VR desk guide to ensure compliance with applicable Federal requirements.

Corrective Actions 2.2 RSA requires that VRD—

- 2.2.1 Update its policy manual and desk guide to address issues noted above;
- 2.2.2 Provide policy manual and VR desk guide updates to RSA for review and approval prior to implementation;
- 2.2.3 Provide training to staff on the policy manual and VR desk guide updates; and
- 2.2.4 Develop, submit, and implement internal control processes that ensure agency policies and procedures are reviewed regularly and updated based upon current RSA guidance or program requirement changes.

VR Agency Response:

2.2.1: The forward facing policy manual and internal desk guide have been updated after the RSA monitoring visit. Sections 1, 6, 14, 16, 19 and 20 of the policy manual were updated, and Sections 1, 6, 8, 10, 12.5, 12.9, 14, 16, 19, 20 and 24 of the internal desk guide were updated.

2.2.2: Following RSA’s monitoring visit, VRD has updated the majority of the policies/procedures identified in the report above. The agency will provide these updated policies/procedures to RSA for review and approval. VRD will continue to work with RSA and rely on their technical assistance for updating remainder of the policies/procedures.

2.2.3: VRD continues to conduct its data integrity days (DID) monthly for data cleansing assignments to ensure accurate data entry for accurate reporting, providing case management demonstration and documentation, and provide quality assurance to assist with any changes or updates to the desk manual, policy, procedure, and/or internal controls.

2.2.3: VRD’s quality assurance team routinely performs case reviews and provides feedback and instruction/training to staff. The quality assurance team also conducts training sessions for staff and the Nevada State Rehabilitation Council when there are major updates to the agency policies and desk guide procedures.

2.2.4: VRD has established a schedule for routine internal program auditing by our internal quality assurance team.

- This will ensure that we keep our procedures in step with our policies.
- That staff are following the policies and procedures.

- Supervisors will better know what subjects to focus on for team training.

RSA Response: RSA appreciates VRD's update and will continue to provide technical assistance on this issue throughout the corrective action plan process, as needed.

VR Agency Request for Technical Assistance: VRD welcomes the technical assistance from RSA in reference to the issues outlined in the report.

Finding 2.3 Insufficient Internal Controls for Management of the Federal Award, Data Accuracy and Validity, and Supporting Documentation

Issue: Did VRD maintain effective internal controls over the Federal award to provide a reasonable assurance that it was managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award in accordance with 2 C.F.R. § 200.303 and the requirements at 34 C.F.R. § 361.47(a).

Requirement: Pursuant to 2 C.F.R. § 200.303, VR agencies are required to develop an internal controls process to provide reasonable assurances regarding the effectiveness and efficiency of operations, reliability of reporting for internal and external use, and implemented as a measure of checks and balances to ensure proper expenditure of funds, including the evaluation, and monitoring of compliance with statutes, regulations, and the terms and conditions of Federal awards. Furthermore, a State VR agency must assure, in the VR services portion of the Unified or Combined State Plan, that it will employ methods of administration that ensure the proper and efficient administration of the VR program. Specifically, 2 C.F.R. § 200.303 requires a non-Federal entity to—

- Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States and the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
- Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards;
- Evaluate and monitor the non-Federal entity's compliance with statutes, regulations, and the terms and conditions of Federal awards; and
- Take prompt action when instances of non-compliance are identified, including noncompliance identified in audit findings.

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

Pursuant to 34 C.F.R. § 361.47(a), VR agencies must maintain for each applicant and eligible individual a record of services that includes, to the extent pertinent, documentation including, but

not limited to, the individual's application for VR services, the individual's IPE, and information related to closing the service record of an individual who achieves an employment outcome. The record of service must allow for accurate and timely data reports pursuant to 34 C.F.R. § 361.40 and meet the performance accountability provisions described in Section 116(b) of WIOA.

Analysis: As previously discussed, VRD lacks procedures and internal controls that may have contributed to the agency's decline in performance. The RSA review team reviewed eight case service records of VR participants' employment rates in the second quarter after exit and median earnings, and eight case service records of VR participants' credential attainment during VR participation and exited within one year. The RSA review team found inconsistent reporting of essential data elements in the case management system and data shown on RSA-911; insufficient supporting documentation to verify credential attainments; inconsistent reporting on enrollment data shown in the case management system and the RSA-911 report; insufficient follow-up on post-exit credential attainment; and inconsistent closure data. Further, there are no written policies and procedures for data collection, validation, and reporting of specific data elements for Section 116 of WIOA. The RSA review team communicated that developing and implementing procedures and internal controls are essential for ensuring that data are accurate and reliable, and inefficient processes lead to poor reporting practices, affecting how VR services are provided to participants, data-informed decisions and planning, and a valid representation of the agency's performance.

Conclusion: In accordance with 34 C.F.R. § 361.12, VRD must implement policies and procedures that ensure the proper and efficient administration of the VR program, including those necessary to carry out all functions for which the VR agency is responsible. VRD must develop and implement policies and procedures for collecting accurate data and for verifying the accuracy and reliability of the data through the required supporting documentation. In addition, VRD must monitor and evaluate performance through the agency's internal controls, in accordance with 2 C.F.R. § 200.303. The RSA review team determined that VRD has not implemented effective written policies, procedures, or internal controls that ensure the accurate reporting of information related to the performance accountability guidelines required to be developed under WIOA Section 116; and ensure case files and supporting documentation adhere to the record of service requirements in 34 C.F.R. § 361.47.

Corrective Actions 2.3 RSA requires that VRD—

- 2.3.1 Develop and implement internal control processes to ensure that the provisions of 34 C.F.R. § 361.47 have been met, and through service record documentation, the requirements at 34 C.F.R. § 361.40 and RSA PD-19-03 for the accurate reporting of RSA-911 data are met;
- 2.3.2 Develop and implement an internal control process for Section 116 of WIOA, specifically Employment Rate—Second Quarter After Exit, Employment Rate—Fourth Quarter After Exit, Median Earnings, Credential Attainment, Measurable Skill Gains, and the Effectiveness in Serving Employers;
- 2.3.3 Develop mechanisms to collect and aggregate the results of these processes, such as case review tools, and use the results to inform necessary training and evaluation of staff;
- 2.3.4 Assess the effectiveness of the policies and procedures governing VRD's internal control procedures to ensure compliance and the accurate reporting of data; and

2.3.5 Provide training to staff on revised and new internal controls to ensure understanding and consistent implementation of policies and procedures.

VR Agency Response:

2.3.1: As of May 2023, VRD has developed RSA-911 internal controls and procedures to ensure the requirements in the 34 C.F.R. part 361 and RSA policy directives are met. VRD will update the procedure as new policy directives are disseminated.

2.3.2: Following RSA's monitoring visit, VRD has developed post-exit internal controls and procedures to ensure the requirements in the 34 C.F.R. part 361 and RSA policy directives are met. VRD will update the procedure as new policy directives are disseminated.

2.3.3 and 2.3.5: VRD's quality assurance team routinely performs case reviews and provides feedback and instruction/training to staff. The Q&A Team meets annually with each of the eight counseling teams to review case review results, patterns, and trends. During such meetings, team based technical assistance is provided to the counselors and technicians on how to better adhere to the internal controls, policies, and procedures. In addition, VRD's staff training officer uses the results of statewide case reviews to tailor training materials and content for staff.

2.3.3 and 2.3.5: VRD continues to conduct its data integrity days (DID) monthly for data cleansing assignments to ensure accurate data entry for accurate reporting, providing case management demonstration and documentation, and provide Q&A to assist with any changes or updates to the desk manual, policy, procedure, and/or internal controls.

2.3.4: Assessing the effectiveness and accuracy of the above-listed reports is included in VRD's RSA-911 and post exit procedures. VRD's operation's team conducts monthly audits of the compliance and accuracy of the reported data.

RSA Response: RSA appreciates VRD's update and will continue to provide technical assistance on this issue throughout the corrective action plan process, as needed.

VR Agency Request for Technical Assistance: NV VRD would appreciate technical assistance from on the proper reporting of data elements that show up as errors on RSA-911.

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 reviewed components of VRD's financial management system and assessed 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 reallocation 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 that address the financial management and operations that impact the use of or return of Federal funds.

VRD relinquished \$5.7 million, \$6 million, and \$9 million in FFYs 2019, 2020, and 2021, respectively. In FFY 2019, the amount of VRD's net Federal award available for expenditure but remained unused, based on non-Federal share reported in the FFY of appropriation, totaled approximately \$80,000—whereas in all other years under review since 2018, VRD expended essentially all such available funds.

In 2016, VRD's formula award amount was approximately \$25.6 million. In FFY 2021, it was \$29.5 million. Between FFYs 2016 and 2021, the non-Federal share available to match the Federal award amount notably decreased. In FFY 2016, VRD's non-Federal share was approximately \$4.4 million. By 2021, the amount had decreased to \$3.9 million. As Federal funds made available to NV to support attainment of competitive-integrated employment increased, VRD's ability to access those funds decreased due to insufficient non-Federal share.

However, RSA learned during the review that Nevada changed a State rule that previously required VRD, under “Section 7,” to only assign non-Federal share available from sources other than those appropriated by the State before it began to assign State appropriated funds to satisfy the VR award’s cost-sharing requirements. This rule change, enacted by the State prior to RSA’s on-site review, was still being implemented at the time of RSA’s review.

NV also made a change to rules affecting VRD’s previous inability to leverage the requirements allowing VR grantees to carry over Federal funds for obligation and expenditure into the succeeding FFY following an award’s year of appropriation. Prior to the change, State rules required VRD to obligate match only to the extent it had obligated Federal award funds according to the ratio of Federal to non-Federal share required for meeting match based on the VR award matching requirement. According to VRD staff, the State no longer requires the VR program to meet the unique requirements of Nevada’s self-imposed rule, and VRD may proceed with enriching the program with the possibility of receiving the same benefits afforded nationwide to other VR programs. Thus, VRD may now take full advantage of the wider variety of financial management options inherent under the Federal rules regarding requirements for VR program implementation.

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 FFY awards. Based on information gathered during the monitoring process, RSA observed that VRD generally assigns expenditures to awards consistent with its period of performance internal controls, which effectively help ensure VRD assigns obligations and expenditures to the correct FFY award based upon the date individual expenditures are obligated in accordance with 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, and the expenditure’s date of obligation having occurred within the date range defined by the period of performance specific to the FFY award to which VRD assigns the expenditure.

However, RSA discovered a period of performance concern that did not meet obligation and expenditure period of performance award assignment requirements. State property oversight procedures in Nevada ask entities who use such facilities and pay rental costs for such use to provide advance payments for up to one month in advance of the actual dates in which tenants use the State-owned facilities. VRD uses several such facilities under agreements with the state agency responsible for maintaining and coordinating use of the facilities to serve various State interests. RSA staff explained to VRD staff during the on-site review that such advance

payments violate EDGAR requirements concerning when an obligation is made for rental facilities costs, which require such obligations to occur on the date(s) rental facilities are used.

Thus, VRD must develop internal controls to meet both Federal and State requirements for payment of such facilities costs in a manner that does not obligate such rental costs until the dates on which VRD uses the facilities. An option RSA discussed on-site with VRD staff included VRD using available non-Federal sources to initially pay the rental costs ahead of use, and to generate internal control processes to operationalize how the agency will reassign such costs to the Federal award, as necessary and allowable according to State accounting rules, to ensure award funds are only used to pay or otherwise compensate other initial sources of payment following dates of use in support of allowable VR agency activities.

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 [DSU acronym'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;
- Third-party cooperative arrangements (TPCAs);
- Randolph-Sheppard set-aside;
- NV Statewide Cost Allocation charges; and
- Funds for the Healthy Nevada Grant.

As previously described under the Period of Performance area of this section of the report, noted changes to State rules may result in additional available non-Federal share for VRD to secure and report as meeting matching requirements under the award. Additionally, the VRD director stated he had recently successfully advocated for the State to increase its State appropriations for use as non-Federal share for the VR program.

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 from FFY 2019 through FFY 2022, meeting the program's matching requirements for all years under review.

During the review period, VRD relinquished SE-A and SE-B combined sums totaling \$100,000 in FFY 2019, \$0 (zero dollars) in FFY 2020, \$40,000 in FFY 2021, and \$90,000 in FFY 2022. The amount of SE-A and SE-B combined award funds VRD expended paint a less consistent picture, totaling \$136,028 in FFY 2019, \$74,391 in 2020, \$112,748 in 2021, and \$54,207 in 2022. The agency did not meet carryover requirements in any year under review, which may have been influenced by State rules that were enforceable at the time but that may have since been rescinded. Notably, VRD experienced on average a declining trend in the percent of its formula award expended over this period.

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 explored 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.

VRD has not met the required reservation and expenditure of at least 15 percent of its Federal award funds for the provision of pre-employment transition services in any year since RSA began implementing the requirement. The percentage of matched Federal funds VRD expended on pre-employment transition services from FFY 2016 through FFY 2021 are as follows in succession from FFY 2016: 9.4 percent; 11.4 percent; 11.2 percent; 10.4 percent; 7.8 percent; and in 2021, ending with 12.7 percent in 2021.

RSA implemented a VR program-wide comprehensive effort to identify areas of persistent need among grantees that have been unable to meet the 15 percent reservation and expenditure of Federal funds WIOA requires grantees to expend for pre-employment transition services. In August 2023, VRD submitted a Section 107 Corrective Action Plan to RSA, which it developed in response to a finding of Noncompliance with Pre-Employment Transition Services Requirements RSA issued to the agency, including corrective actions. Thereafter, RSA approved VRD's plan. RSA will address pre-employment transition services noncompliance for FFY 2020 and FFY 2021 (the most recent years under review for which RSA has complete data) through the Section 107 non-compliance letter and the required CAP that VRD developed in response to the letter.

A summary of the pre-employment transition services finding identified in VRD's Section 107 Corrective Action Plan is provided below. Refer to the *Section 107 Corrective Action Plan* for the full language of the finding and its two corrective actions.

Finding 1: Noncompliance with Pre-Employment Transition Services Requirements

Mandated Corrective Action: The State must develop and implement a corrective action plan that results in sustained compliance with the pre-employment transition service requirements by September 30, 2024. The plan must:

- Address the root cause of the State's noncompliance with the reservation requirements;
- Contain a solid, workable plan for action;
- Contain a timeline for implementation that will be completed by September 30, 2024;
- Be supported by documentation (i.e., fiscal reports) to show the agency has implemented the actions;
- Demonstrate verifiable improvement toward meeting requirement on a quarterly basis;

- Provide a methodology that allows VRD to review internally whether the corrective actions have resolved the root cause of the noncompliance with the reservation requirements and to review whether the actions are consistent with the progress needed to meet the key dates in the timeline; and
- Ensure implementation of internal controls necessary for the agency to maintain compliance with the requirements on an ongoing basis.

RSA will follow-up with VRD regarding findings for pre-employment transition services reserve shortfalls through issuance of a finding with associated corrective actions separately from this report and will track progress through use of a separate CAP. Note that RSA will use the *Section 107 Corrective Action Plan* to address pre-employment transition service provision inconsistencies related to the following:

- PAES kit costs reported as authorized activities for provision of pre-employment transition services may be questioned due to kit activities actually being of the required and not authorized type, and there being no tracking and reporting of activities down to specific activities per student;
- Coordinator position contracts lacking the necessary reporting and tracing requirements;
- Virtual work experience licenses not being traced/reported down to activities per student; also unclear is the basis on which costs were allocated (50% VR, 50% other State agency);
- Certain portions of camp contract costs not reportable as pre-employment transition services and/or unallowable (as outlined in Questioned Costs for Discussion, below); and
- providing/assuring required activities met statewide;

RSA provided clarification in the NOI on flexibilities regarding the allowable use of funds reserved for pre-employment transition services for auxiliary aids and services. RSA also identified additional technical assistance related to leveraging internal and external resources to expand the provision of, and expenditures for, pre-employment transition services.

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 was 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.

Technical Assistance Provided

Based on a call RSA had with VRD regional managers to discuss areas where processes could be improved to facilitate VRD using more of the award funds appropriated to it under VR awards, the managers identified the following areas needing improvement:

- New employee case management system (CMS) training could be improved generally;
- Trainings should include more examples of complete CMS case files for training new staff and to communicate management expectations; and
- While training opportunities are available to supervisors, a more coordinated and formal supervisor training process is needed;

The Findings and Corrective Actions section below identifies several VRD internal control deficiencies RSA observed during its on-site review and seeks to remedy through the CAP.

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 State VR agency must assure, in the VR services portion of the Unified or Combined State Plan, that it will employ methods of administration that ensure the proper and efficient administration of the VR program. These methods of administration (i.e., the agency's internal controls) must include procedures to ensure accurate data collection and financial accountability (34 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 its procurement of purchased services, including rates of payment and methodologies VRD uses to monitor and determine appropriate rates of payment for purchased services. Additionally, protocols staff follow to identify, report, and remedy fraudulent use of award funds, if VRD were to detect such abuse of funds, were not present in the agencies system of internal controls. RSA's analysis of these concerns is provided below.

3.1.1 Insufficient Vendor Payment Internal Controls

a. Insufficient vendor invoice review and approval processes.

Contractor oversight and invoice payment internal controls VRD uses to ensure its payments to vendors are supported by documentation of allowable costs for service delivery at acceptable levels of quality and reliability are insufficient. Based on RSA's review, VRD does not maintain and operationalize adequate written policy regarding factors VRD staff are to consider when determining whether contractor invoices include data and supporting documentation sufficient to establish the payments it approves to contractors, based on the information contractors provide, meet criteria for allowability according to applicable Federal program and Uniform Guidance regulations noted in the requirements section of this finding.

VRD procures and oversees contracts to facilitate provision of certain VR purchased services. RSA observed that several contracts VRD uses for this purpose did not include details necessary to ensure contractors report relevant cost and service delivery data to VRD in a manner that assures reliability of the reported data. For example, RSA clarifies in its Federal financial and program data reporting instructions that costs for purchased pre-employment transitions services require such costs to be recorded and traced to the level of expenditure per service provided, and that such costs are assigned with identifiers that signify each individual in receipt of specific services the contractor provides. While contracts identify, by reference, a separate document detailing data VRD asks contractors to report generally, the language expressed within the contracts or VRD's internal controls, nor VRD staff who manage the contracts, identified data quality assurance safeguards VRD uses to ensure VR agency staff responsible for approving contractor invoice payments effectively verify the validity and reliability of the reported data associated with a given invoice.

These contracts are missing necessary quality assurance safeguards that otherwise could provide sufficient assurance of reported data reliability, such as contracts incorporating quality assurance surveillance plans or descriptions of standards VRD uses in its review to determine the allowability of invoice payment requests. Such considerations should be based on factors of quality and that assess whether sufficient documentation exists to support the veracity of contractor-reported data and should afford VRD the ability to uniformly verify data reliability prior to approving contractor requests for payment. Furthermore, RSA did not find evidence of internal control standards for agency staff, who review and approve contractor invoices for payment, to use in determining acceptable levels of quality or other standards by which VRD determines whether there is sufficient evidence to support VRD's approval of such payments.

- b. No policy governing rates of payment for purchased services.

Based on RSA's review of documentation VRD submitted in advance of the on-site review and additional information obtained, VRD does not have established written policy or methodology to ensure its payments to vendors for VR services follow program and Federal rules. Prior to the review, RSA requested policy from VRD regarding how it determines the rates it pays for provision of services, however the information provided by VRD did not include such policy.

Because VRD does not have written policies governing the rate-setting methodology it uses to assign costs for purchased VR services, and it has no clear guidelines to determine authorized rates of payment for VR services, VRD cannot ensure that all expenditures incurred for the provision of purchased VR services are allowable, reasonable, and allocable to the VR program. Therefore, VRD cannot assure that it is administering the VR program in a proper and efficient manner and ensuring financial accountability. For these reasons, VRD has not complied with the administration and internal control requirements of 34 C.F.R. § 361.12 and 2 C.F.R. § 200.303(b).

3.1.2 Improper maintenance of effort tracking and monitoring.

At the time of review, the process VRD used to identify and trace its meeting of VR program maintenance of effort (MOE) reporting requirements were inconsistent with program requirements for how MOE is determined and when a deficit exists. While the agency had a process for tracing non-Federal expenditures on an award-by-award basis, the process required for MOE determinations must track expenditures on a year-by-year basis, the difference being that MOE tracks all non-Federal expenditures that occur within each year from all allowable sources.

For example, agencies must include any non-Federal share assigned to an award in its carryover year for tracking in a separate year from the year for tracking non-Federal share reported at the 4th quarter. In such cases, the non-Federal expenditures reported after an award's 4th quarter report would need to be added to the non-Federal expenditures reported at the 4th quarter in the next FFY award's year of appropriation to VR requirements for tracing MOE on a yearly basis from all sources applicable to that single year.

3.1.3 Facilities rental payments do not meet period of performance requirements.

While RSA observed generally effective agency internal controls regarding its assignment of expenditures only to an award based upon the expenditure's date of obligation having occurred within an awards allowable period of availability, Nevada has a rule requiring advanced payment of rent for several of the State-owned facilities VRD uses to carryout grant supported activities.

In these cases, such advanced payments may result in the expenditures not meeting 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, which requires that the date of obligation for costs of rent occurs based on the

date the property is used. Such payments may also fall short of meeting the expenditure's date of obligation having occurred within the date range defined by the period of performance specific to the FFY award to which VRD assigns the expenditure, particularly during months that straddle the start of a new Federal fiscal year.

VRD may continue to meet state requirements for advanced rent payments by using non-Federal share not reported as meeting matching requirements for the period between the advanced payment was made and the point at which such a payment would meet the EDGAR and period of performance requirements—at which point VRD could reassign the expenditure to Federal share with an obligation date meeting the requirements, provided State rules of accounting permit such a process.

3.1.4 Incomplete fraud reporting procedures.

RSA observed that VRD's internal controls do not include control activity policy related to timely detection and reporting of suspected instances of fraud, including under what conditions suspected fraud must be reported to RSA, and steps agency personnel must take upon suspicion or knowledge of such fraud.

The agencies internal controls in this area should also include steps for staff to take to identify both primary and secondary unallowable costs that may exist in the event fraud or misuse of funds is detected, such as an examination of any associated misuse of staff time, agency resources or other areas of harm that might exist as a secondary consequence of the primary fraudulent activity.

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 its payments to vendors, MOE, advance rent payment, and fraud reporting.

Corrective Action 3.1 RSA requires that VRD—

- 3.1.1a Within three quarters following publication of the final monitoring report, develop and implement improved internal controls to ensure vendor invoice review and approval processes conducted by VRD staff are sufficient to meet 2 C.F.R. §§ 200.328 and 200.303 requirements regarding financial management and internal controls and upon RSA's approval of these internal controls, demonstrate over successive quarters VRD's successful implementation of the improved internal controls.
- 3.1.1b Within three quarters following publication of the final monitoring report, develop and implement improved internal controls to ensure VRD's purchased services rate setting policies are sufficient to meet 34 C.F.R. § 361.12 and 2 C.F.R. § 200.303(b) requirements; and upon RSA's approval of these, demonstrate over successive quarters VRD's successful implementation of the improved internal controls.

- 3.1.2 Develop, implement, and demonstrate implementation of effective internal controls to address improper maintenance of effort and tracking discussed in the finding analysis;
- 3.1.3 Develop, implement, and demonstrate implementation of effective internal controls to address facilities rental payments that do not meet period of performance requirements as discussed in the finding analysis; and
- 3.1.4 Develop, implement, and demonstrate implementation of effective internal controls to address incomplete fraud reporting procedures as described in the finding analysis.

VR Agency Response:

3.1.1a: Following RSA monitoring, Management Analyst IV, Financial Management, Accounting, and Rehabilitation Technicians and Counselors (including pre-employment transition services team) have started meeting to review and address our current internal controls and processes related to vendor invoice review and approval. VRD will update its internal controls based on the results of these meetings within the first three quarters of the publication of the final monitoring report.

3.1.1b: Prior to RSA monitoring, VRD has conducted a comparative rate methodology to determine rates of payments for targeted VR services. VRD has begun work on developing a more comprehensive rate setting policy and procedure with input from stakeholders. The agency is also working with the VRTAC-QM on ensuring the policy meets federal requirements and ensures quality client services.

3.1.2: VRD has developed internal controls and reporting to properly track maintenance of effort.

3.1.3: VRD has implemented internal controls to cease paying for facility rent with Federal funds. Since 34 C.F.R. § 76.707 requires that the date of obligation for costs of rent occurs based on the date the property is used it was decided to use state funds rather than federal funds to pay rent as Nevada pays rent at the beginning of the month/quarter.

3.1.4: VRD is in the process of updating its internal controls to account for the proper detection and reporting of suspected instances of fraud, including under what conditions suspected fraud must be reported to RSA, and steps agency personnel must take upon suspicion or knowledge of such fraud.

RSA Response: RSA appreciates VRD's response and looks forward to resolution of the corrective actions.

VR Agency Request for Technical Assistance: VRD seeks RSA's technical assistance in ensuring elements listed in Finding 3.1 are appropriately addressed.

APPENDIX A: STATE VOCATIONAL REHABILITATION SERVICES AND STATE SUPPORTED EMPLOYMENT SERVICES PROGRAMS PERFORMANCE TABLES

Table 1—NV-C Performance Profile

Table 2—NV-C Types of Exit

Table 3—NV-C Reasons for Exit

Table 4—NV-C VR Service Provision

Table 5—NV-C Measurable Skill Gains and Credentials

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

Table 7—NV-C Students with Disabilities

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

Table 1—NV-C Performance Profile

VR Program Performance	PY 2019	PY 2020	PY 2021
Employment Rate	36.7%	29.0%	32.1%
Number of Participants Exiting in Competitive Integrated Employment or Supported Employment	529	422	540
Percentage of Timely Eligibility Determinations	94.9%	97.6%	94.8%
Percentage of Eligibility Determinations Extensions	4.9%	12.4%	15.8%
Percentage of Timely IPE Development	74.5%	92.7%	93.6%
Percentage of Initial IPE Extensions	N/A	16.3%	17.8%
Number of Applicants	2,128	1,799	2,480
Number of Individuals Determined Eligible	2,126	1,246	1,745
Number of Individuals with an IPE and No VR Services Provided	22	27	7
Number of Participants (with an IPE and VR Services Provided)	4,412	4,074	3,910
WIOA Performance Indicators (General/Blind VR agency)	PY 2019	PY 2020	PY 2021
Measurable Skill Gains Rate			
Employment Rate in 2 nd Qtr After Exit			
Median Earnings in 2 nd Qtr After Exit			
Employment Rate in 4 th Qtr After Exit			
Credential Attainment Rate			
WIOA Performance Indicators (State)	PY 2019	PY 2020	PY 2021
Measurable Skill Gains Rate	15.2%	17.3%	42.5%
Employment Rate in 2 nd Qtr After Exit	56.2%	47.5%	53.6%
Median Earnings in 2 nd Qtr After Exit	\$4,019	\$3,672	\$5,167
Employment Rate in 4 th Qtr After Exit	54.4%	45.3%	48.2%
Credential Attainment Rate	0.0%	7.5%	18.4%

Table 2—NV-C Types of Exit

Individuals Who Exited the VR Program			PY 2019		PY 2020		PY 2021	
Number of Individuals Who Exited the VR Program			2,226		2,126		2,687	
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	206	9.3%	396	18.6%	670	24.9%		
Individual exited during or after a trial work experience	2	0.1%	3	0.1%	1	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	524	23.5%	263	12.4%	324	12.1%		
Individual exited after an IPE without an employment outcome	913	41.0%	1,031	48.5%	1,141	42.5%		
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	529	23.8%	422	19.8%	540	20.1%		
Individual exited as an applicant after being determined ineligible for VR services	1	0.0%	11	0.5%	11	0.4%		
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				74	59	60		
Number of Participants Who Exited with a Supported Employment Outcome in Noncompetitive and/or Nonintegrated Employment								

Table 3—NV-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	1	0.0%	N/A	N/A	N/A	N/A
Health/Medical	60	2.7%	210	9.9%	157	5.8%
Death of Individual	8	0.4%	10	0.5%	8	0.3%
Reserve Forces Called to Active Duty	-	0.0%	1	0.0%	-	0.0%
Foster Care	-	0.0%	N/A	N/A	N/A	N/A
Ineligible after determined eligible	15	0.7%	67	3.2%	49	1.8%
Criminal Offender	4	0.2%	4	0.2%	5	0.2%
No Disabling Condition	14	0.6%	85	4.0%	58	2.2%
No Impediment to Employment	7	0.3%	N/A	N/A	N/A	N/A
Does Not Require VR Service	83	3.7%	N/A	N/A	N/A	N/A
Disability Too Significant to Benefit from Service	48	2.2%	N/A	N/A	N/A	N/A
No Long-Term Source of Extended Services Available	-	0.0%	N/A	N/A	N/A	N/A
Transferred to Another Agency	32	1.4%	39	1.8%	27	1.0%
Achieved Competitive Integrated Employment Outcome	529	23.8%	422	19.8%	540	20.1%
Extended Employment	1	0.0%	2	0.1%	-	0.0%
Extended Services Not Available	1	0.0%	2	0.1%	-	0.0%
Unable to Locate or Contact	703	31.6%	736	34.6%	932	34.7%
No Longer Interested in Receiving Services or Further Services	546	24.5%	461	21.7%	700	26.1%
All Other Reasons	174	7.8%	76	3.6%	158	5.9%
Short-Term Basis Period	N/A	N/A	-	0.0%	-	0.0%
Ineligible: Pursuant to 511	N/A	N/A	11	0.5%	49	1.8%
Ineligible: Following Trial Work	N/A	N/A	-	0.0%	4	0.1%
Number of Individuals Who Exited the VR Program	2,226	-	2,126	-	2,687	-

Table 4—NV-C VR Service Provision

VR Service Provision				PY 2019	PY 2020	PY 2021
Total Number of Individuals Who Received VR Services				3,890	3,567	3,754
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	8	0.2%	10	0.3%	13	0.3%
Bachelor Degree Training	111	2.9%	92	2.6%	82	2.2%
Junior or Community College Training	154	4.0%	129	3.6%	116	3.1%
Occupational or Vocational Training	373	9.6%	195	5.5%	196	5.2%
On-the-Job Training	1	0.0%	-	0.0%	3	0.1%
Apprenticeship Training	-	0.0%	-	0.0%	-	0.0%
Basic Academic Remedial or Literacy Training	6	0.2%	3	0.1%	2	0.1%
Job Readiness Training	106	2.7%	111	3.1%	106	2.8%
Disability Related Skills Training*	16	0.4%	38	1.1%	44	1.2%
Miscellaneous Training	22	0.6%	16	0.4%	23	0.6%
Randolph-Sheppard Entrepreneurial Training	-	0.0%	-	0.0%	-	0.0%
Customized Training	1	0.0%	1	0.0%	-	0.0%
Work-Based Learning Experience	N/A	N/A	-	0.0%	-	0.0%
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*	1,063	27.3%	644	18.1%	917	24.4%
Diagnosis and Treatment of Impairment	168	4.3%	65	1.8%	87	2.3%
Vocational Rehabilitation Counseling and Guidance*	3,083	79.3%	3,265	91.5%	3,526	93.9%
Job Search Assistance	635	16.3%	422	11.8%	626	16.7%
Job Placement Assistance	561	14.4%	343	9.6%	417	11.1%
Short-Term Job Supports	198	5.1%	149	4.2%	239	6.4%
Supported Employment Services	87	2.2%	101	2.8%	140	3.7%
Information and Referral Services*	221	5.7%	140	3.9%	267	7.1%
Benefits Counseling*	3	0.1%	5	0.1%	7	0.2%
Customized Employment Services	9	0.2%	1	0.0%	-	0.0%
Extended Services (for youth with the most significant disabilities)	-	0.0%	1	0.0%	4	0.1%

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*	1,122	28.8%	364	10.2%	549	14.6%
Maintenance*	670	17.2%	229	6.4%	378	10.1%
Rehabilitation Technology*	289	7.4%	202	5.7%	264	7.0%
Personal Attendant Services*	-	0.0%	1	0.0%	-	0.0%
Technical Assistance Services	-	0.0%	-	0.0%	-	0.0%
Reader Services*	-	0.0%	-	0.0%	-	0.0%
Interpreter Services*	115	3.0%	80	2.2%	97	2.6%
Other Services	534	13.7%	309	8.7%	361	9.6%

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

Table 5— NV-C Measurable Skill Gains and Credentials

Type of Measurable Skill Gains Earned	PY 2019 Number	PY 2020 Number	PY 2021 Number
Educational Functioning Level	7	0	3
Secondary Diploma	69	45	88
Secondary or Postsecondary Transcript/Report Card	67	135	261
Training Milestone	2	0	2
Skills Progression	47	11	52
Total	192	292	406
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	185	146	315
Percent of Participants Eligible to Earn Measurable Skill Gains	27.7%	20.8%	19.0%
Type of Credentials Earned	PY 2019 Number	PY 2020 Number	PY 2021 Number
Secondary	-	1	8
Postsecondary	-	6	15
Total	-	7	23
Participants Who Earned Credentials	PY 2019 Number/Percent	PY 2020 Number/Percent	PY 2021 Number/Percent
Number of Participants Who Earned Credentials	-	7	23
Percent of Participants Eligible to Earn Credentials	0.0%	6.0%	11.0%

Table 6— NV-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	529	422	540
Median Hourly Earnings at Exit	\$11.75	\$13.22	\$15.00
Median Hours Worked per Week at Exit	32	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	67	12.7%	53	12.6%	22	4.1%
Supplemental Security Income for the Aged, Blind, or Disabled at Exit	74	14.0%	55	13.0%	19	3.5%
Temporary Assistance for Needy Families at Exit	2	0.4%	1	0.2%	1	0.2%
General Assistance (State or local government) at Exit	2	0.4%	NA	NA	NA	NA
Veterans' Disability Benefits at Exit	4	0.8%	NA	NA	NA	NA
Workers' Compensation at Exit	-	0.0%	NA	NA	NA	NA
Other Public Support at Exit	16	3.0%	12	2.8%	23	4.3%

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	141	26.7%	133	31.5%	183	33.9%
Medicare at Exit	74	14.0%	42	10.0%	75	13.9%
State or Federal Affordable Care Act Exchange at Exit	4	0.8%	2	0.5%	1	0.2%
Public Insurance from Other Sources at Exit	12	2.3%	7	1.7%	7	1.3%
Private Insurance Through Employer at Exit	151	28.5%	159	37.7%	210	38.9%
Not Yet Eligible for Private Insurance Through Employer at Exit	55	10.4%	28	6.6%	29	5.4%
Private Insurance Through Other Means at Exit	65	12.3%	62	14.7%	56	10.4%

Table 7— NV-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	4,536	4,282	4,617
Students with Disabilities Reported with 504 Accommodation	4	6	8
Students with Disabilities Reported with IEP	3,525	3,440	3,620
Students with Disabilities Reported without 504 Accommodation or IEP	1,047	855	1,052
Total Students with Disabilities Who Received a Pre-Employment Transition Service	1,590	719	1,275
Potentially Eligible Students with Disabilities Who Received a Pre-Employment Transition Service	904	140	662
Students with Disabilities, Who Applied for VR Services, and Received a Pre-Employment Transition Service	686	579	613
Percentage of Students with Disabilities Reported Who Received a Pre-Employment Transition Service	35.1%	16.8%	27.6%

Table 8—NV-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	8,930	-	9,443	-	13,974	-
Job Exploration Counseling	1,704	19.1%	1,518	16.1%	2,953	21.1%
Work-Based Learning Experiences	1,901	21.3%	2,150	22.8%	2,850	20.4%
Counseling on Enrollment Opportunities	1,189	13.3%	1,777	18.8%	2,576	18.4%
Workplace Readiness Training	2,339	26.2%	2,097	22.2%	2,806	20.1%
Instruction in Self-Advocacy	1,797	20.1%	1,901	20.1%	2,789	20.0%

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*
FAIN	H126A180041	H126A190041	H126A200041	H126A210041	H126A220041
Formula Award Amount	27,277,525.00	28,376,637.00	28,511,945.00	29,459,651.00	29,936,237.00
MOE Penalty Assessed	0.00	0.00	0.00	0.00	0.00
Funds Relinquished - Reallotment	(7,500,000.00)	(5,700,000.00)	(6,000,000.00)	(9,000,000.00)	(9,500,000.00)
Funds Received - Reallotment	0.00	0.00	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00	0.00	0.00
Net Award Amount	19,777,525.00	22,676,637.00	22,511,945.00	20,459,651.00	20,436,237.00
Net Award Funds Unused**	1,245,771.70	3,052,886.00	5,272,390.89	6,154,789.60	3,685,432.43
Matched Net Award Funds Unused***	(2.67)	79,359.31	(2.24)	1.01	(16,750,805.00)
Award Funds Expended	18,531,754.00	19,623,751.00	17,239,555.00	14,304,862.00	16,750,805.00
Percent of Net Award Expended	93.7%	86.5%	76.6%	69.9%	82.0%
Percent of Formula Award Expended	67.9%	69.2%	60.5%	48.6%	56.0%
Carryover Met	No	Yes	Yes	Yes	Yes
Grant Award Closed	No	Yes	Yes	No	No

* Indicates the award is currently in an open status; therefore, data is 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*
Matching Requirement Met - Agency	Yes	Yes	Yes	Yes	No
Non-Federal Share - Agency (4th Qtr.)	5,015,582.00	5,332,608.00	4,686,217.00	3,968,910.00	4,701,366.00
Non-Federal Share - Agency (Final)	5,015,582.00	5,332,608.00	4,665,851.00	3,871,583.00	0.00
Federal Funds Required to be Matched - Agency	18,531,753.30	19,623,751.00	17,239,554.11	14,304,861.40	16,750,804.57
Federal Funds Matched - Agency	18,531,751.33	19,703,110.31	17,239,552.76	14,304,863.01	0.00
Required Non-Federal Share - Agency	5,015,582.53	5,311,129.56	4,665,851.37	3,871,582.56	4,533,572.27
Federal Funds Match Difference - Agency	(1.97)	79,359.31	(1.35)	1.61	(16,750,804.57)
Percent of Federal Funds Matched - Net Agency	93.7%	86.9%	76.6%	69.9%	0.0%
Percent of Federal Funds Matched - Formula Agency	67.9%	69.4%	60.5%	48.6%	0.0%
Federal Funds Matched - State	18,531,751.33	19,703,110.31	17,239,552.76	14,304,863.01	0.00
Federal Funds Required to be Matched - State	18,531,753.30	19,623,751.00	17,239,554.11	14,304,861.40	16,750,804.57
Required Non-Federal Share - State	5,015,582.53	5,311,129.56	4,665,851.37	3,871,582.56	4,533,572.27
Federal Funds Match Difference - State	(1.97)	79,359.31	(1.35)	1.61	(16,750,804.57)

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

Table 3.3: VR Maintenance of Effort by Federal Fiscal Year

Maintenance of Effort (MOE)	2018	2019	2020	2021*	2022*
MOE Requirement Met - Agency	Yes	Yes	No		
Non-Federal Share - Agency	5,015,582.00	5,332,608.00	4,665,851.00		
Construction Expenditures - Agency (4th Qtr.)	0.00	0.00	0.00		
Construction Expenditures - Agency (Final)	0.00	0.00	0.00		
MOE Base - Agency	5,015,582.00	5,332,608.00	4,665,851.00		
MOE Amount - Agency	5,015,582.00	5,332,608.00	4,665,851.00		
MOE Difference - Agency	653,636.00	988,826.00	(349,731.00)		
MOE Amount - State	5,015,582.00	5,332,608.00	4,665,851.00		
MOE Difference - State	653,636.00	988,826.00	(349,731.00)		

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

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

Pre-Employment Transition Services (Pre-ETS)	2018	2019	2020	2021	2022*
Pre-ETS Requirement Met - Agency	No	No	No	No	
Pre-ETS Requirement Met - State	No	No	No	No	
Percent of Matched Federal Funds Expended on Pre-ETS - Agency	11.2%	10.4%	7.8%	12.7%	
Percentage of Matched VR Funds Spent on Pre-ETS - State	11.2%	10.4%	7.8%	12.7%	
Final Pre-ETS Expenditures - Agency	2,082,080.00	2,045,433.00	1,346,500.00	1,810,310.00	
Reserve Calculation Base - Agency	18,531,751.33	19,703,110.31	17,239,552.76	14,304,863.01	
Federal Funds Required to be Reserved for Pre-ETS - Agency	2,779,762.70	2,955,466.55	2,585,932.91	2,145,729.45	
Pre-ETS Difference	(697,682.70)	(910,033.55)	(1,239,432.91)	(335,419.45)	0.00
Final Federal Pre-ETS Expenditures - State	2,082,080.00	2,045,433.00	1,346,500.00	1,810,310.00	
Reserve Calculation Base - State	18,531,751.33	19,703,110.31	17,239,552.76	14,304,863.01	
Federal Funds Required to be Reserved for Pre-ETS - State	2,779,762.70	2,955,466.55	2,585,932.91	2,145,729.45	
Percent of Federal Funds Expended on Pre-ETS - State	11.2%	10.4%	7.8%	12.7%	
Matched VR Pre-ETS Funds Not Used - State	697,682.70	910,033.55	1,239,432.91	335,419.45	

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

Table 3.5: Program Income

Program Income	2018	2019	2020	2021	2022*
Program Income Received (4th Qtr)	887,911.00	975,542.00	601,228.00	748,647.00	573,818.00
Total Program Income Expended (4th Qtr)	887,911.00	975,542.00	601,228.00	733,317.00	557,562.00
Program Income Received (Final)	887,911.00	975,542.00	601,228.00	748,647.00	null
Total Program Income Expended (Final)	887,911.00	975,542.00	634,202.00	736,045.00	null
Federal Program Income (VR SSA Payments Only) Transferred to the State Independent Living Services (SILS) Program:	0.00	0.00	0.00	0.00	null
Federal Program Income (VR SSA Payments Only) Transferred to the Independent Living Services for Older Individuals who are Blind (OIB) Program	18,486.00	18,122.00	26,954.00	12,602.00	null
Federal Program Income (VR SSA Payments Only) Transferred to the Client Assistance Program (CAP)	0.00	0.00	0.00	0.00	null
Federal Program Income (VR SSA Payments Only) Transferred to the State Supported Employment Services (SE) Program:	0.00	0.00	0.00	0.00	null
Program Income Transferred	18,486.00	18,122.00	26,954.00	12,602.00	0.00
Program Income Used for VR Program	869,425.00	957,420.00	574,274.00	736,045.00	null

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