

FEDERAL FISCAL YEAR 2016

**Technical Assistance Report
of the On-Site Visit to the
Illinois Division of Rehabilitation Services**



U.S. DEPARTMENT OF EDUCATION

**OFFICE OF SPECIAL EDUCATION AND
REHABILITATIVE SERVICES**

REHABILITATION SERVICES ADMINISTRATION

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I. Introduction

A. The Federal Mandate

Section 107(b) of the Rehabilitation Act of 1973 (Act), as amended by title IV of the Workforce Innovation and Opportunity Act (WIOA), requires the Commissioner of the Rehabilitation Services Administration (RSA) to provide technical assistance to State vocational rehabilitation agencies to improve the quality of vocational rehabilitation (VR) services provided to, and promote the achievement of high quality employment outcomes by, individuals with disabilities. To fulfill, in part, this requirement, RSA conducted five technical assistance (TA) visits to five different VR agencies across the country in the final quarter of Federal fiscal year (FFY) 2016. These visits allowed RSA to review the progress of VR agencies toward compliance with new requirements under the Act, as amended by WIOA, and to assist States in complying with those requirements.

This report summarizes the activities and outcomes of the TA visit to the Illinois Division of Rehabilitation Services, (DRS). The report includes a summary of pre on-site activities, TA provided by the RSA TA team during the on-site visit, and the identification of the VR agency's on-going TA needs and possible resources to meet those needs.

B. Description of the Technical Assistance Visit

1. General

Section 506(d) of WIOA makes clear that the amendments to the Act took effect on the date of enactment (July 22, 2014) unless WIOA specified otherwise. As such, VR agencies must ensure that their policies and procedures incorporate and implement all new requirements under the Act, as amended by WIOA. To facilitate this process, and to support this undertaking by its grantees, a TA team from the State Monitoring and Program Improvement Division (SMPID) conducted a TA visit to DRS from September 20 to 22, 2016.

The specific programs covered during this TA visit included:

- The VR program, authorized under title I of the Act; and
- The Supported Employment program, authorized under title VI of the Act.

2. Focus Areas of the TA Visit

Prior to the conduct of the TA visits, RSA issued a Technical Assistance Guide that described the three focus areas that would constitute the primary work of the RSA TA teams while on-site. The three focus areas included:

- Competitive integrated employment;
- Pre-employment transition services for students with disabilities, including the requirement for a State to reserve and expend at least 15 percent of the VR allotment to provide, or arrange for the provision of, pre-employment transition services; and

- Supported employment for individuals with the most significant disabilities, including the requirement for a State to reserve and expend 50 percent of its Supported Employment program allotment to provide supported employment services, including extended services, to youth with the most significant disabilities.

A summary of the TA provided under each focus area is discussed in greater detail in the sections that follow in this report. As a result of the TA visit, the RSA TA team, in collaboration with DRS, identified:

- Policies and procedures that need to be revised for DRS to comply with requirements of the Act, as amended by WIOA, and its implementing regulations; and
- The need and the resources for further technical assistance.

Section VI of this report summarizes the identified policies and procedures in need of further revision and any outstanding TA needs along with possible resources to meet those needs.

II. Overview of the Technical Assistance Visit Process

A. Pre On-Site Activities

Prior to the on-site visit, the RSA TA team conducted a variety of preparatory activities, including the review of DRS policies and procedures specific to the three focus areas, the Illinois' VR services portion of the program year (PY) 2016 Unified State Plan (State Plan) and the most recently submitted VR program Case Service Report (RSA-911) and facilitation of two pre-planning teleconference calls.

Specifically, RSA reviewed:

- DRS' policies related to employment outcomes (Illinois Administrative Code (IAC), Title 89, Chapter IV, Subchapter b, Sections 595.40 and 595.50); uncompensated employment outcomes (i.e., homemakers); State-funded services provided to individuals who are blind and 55 years or older; rehabilitation counseling; and orientation and mobility from the Bureau of Blind Services Operations Manual (see sections 4.1, 4.12, 4.121 through 4.124; 4.2, 4.21 through 4.24; 4.3, 4.31 through 4.34; 4.4, 4.41; and 4.5, 4.51 through 4.54). RSA also reviewed DRS' overview of its customized employment training pilot implemented on September 30, 2014, State Plan descriptions of DRS' business engagement team, memoranda of understanding (MOU) with local workforce innovation areas, the Employment First initiative, the Vision Quest TA effort, the Balancing Incentive Program, and State Plan goals and strategies to achieve such goals.
- Transition-related descriptions in the VR services portion of Illinois' PY 2016 Unified State Plan including descriptions of the Secondary Transitional Experience Program (STEP), Next Steps Parent Training Program, State Transition Council, and work-based learning experiences in description d; provision of services to out-of-school youth by community rehabilitation providers (CRPs) in description c; order of selection in description m; results of the comprehensive statewide needs assessment (CSNA), including the assessment of need for students and youth with disabilities in description j; and State Plan goals and strategies. Since the majority of pre-employment transition

services are provided through the STEP program to students with disabilities who have an individualized education program (IEP) and are eligible for the VR program, RSA also reviewed third-party cooperative arrangements for STEP and Transition Specialists (performance and milestone contracts); and the STEP Procedures Manual (STEP Manual). Finally, RSA reviewed the formal interagency agreement jointly drafted by DRS and the Illinois State Board of Education (ISBE).

- Documentation specific to the State Supported Employment Services Program including: the VR services portion of the State Plan descriptions of the CRP Facilities Advisory Council, collaborations between DRS and the Divisions of Mental Health and Developmental Disabilities within the Department of Human Services, the individuals served through titles I and VI of the Act and performance based contracting in description f. RSA also reviewed the Balancing Incentive Program, the Individual Placement and Support model used by DRS to support individuals with intellectual disabilities, and extended services in description n. RSA's program and fiscal staff also reviewed supported employment contracts and the rules specific to supported employment in 89 IAC 521, 89 IAC 590.800, Subpart M, and Policy Directive (PD) VR-008 Supported Employment Services.

RSA facilitated two pre-planning teleconferences to:

- Provide an overview of the TA visit, including the TA process and the nature and scope of the three focus areas;
- Identify the specific topics and DRS' TA needs under each focus area to be addressed during the TA visit; and
- Develop the agenda for the TA visit, including sessions covering the TA needs identified by DRS prior to the visit.

B. Participants

Tonya Stellar, of the VR Program Unit, led the RSA TA team that included Marisa Liuzzi (Technical Assistance Unit), Jessica Davis (VR Program Unit), and David Miller (Fiscal Unit). During the on-site TA visit, the RSA TA team met with the following individuals and organizations:

- DRS Director;
- Manager of Strategic Management for DRS;
- Assistant Director;
- Acting Director of the Client Assistance Program;
- Bureau Chief of Field Services;
- Bureau Chief and managers of Blind Services;
- Manager of Rehabilitation Technology;
- Manager of Fiscal/Budget;
- Program Specialist, Fiscal/Budget;
- Program Specialist, Director's Office;
- Chair and members of the Illinois State Rehabilitation Council (SRC);
- DRS-SRC Liaison;

- Manager and Program Advisor for DRS Community Resources;
- Transition Tech for Springfield School District #186;
- Springfield DRS Local Office Supervisor;
- Jacksonville DRS Local Office Supervisor;
- ISBE Representatives;
- Section Manager and specialists for Medicaid Waivers, Division of Developmental Disabilities; and Representative of Springfield Association for Retarded Citizens (SPARC).

III. Competitive Integrated Employment

A. General

The Act, as amended by WIOA, emphasizes the achievement of competitive integrated employment. The foundation of the VR program is the principle that individuals with disabilities, including those with the most significant disabilities, are capable of achieving high-quality, competitive integrated employment when provided the necessary services and supports. To increase the employment of individuals with disabilities in the competitive integrated labor market, the workforce system must provide individuals with disabilities opportunities to participate in job-driven training and to pursue high quality employment outcomes. To reinforce this principle, the Act, as amended by WIOA, contains several critical changes that form the basis for this focus area. In addition, the preamble to the final regulations and the VR program regulations, which were published at 81 Federal Register (FR) 55629 on August 19, 2016, and which became effective on September 19, 2016, contain further critical changes that affect this focus area. The changes related to competitive integrated employment covered by the TA teams included:

- The new definition of “competitive integrated employment” in section 7(5) of the Act and §361.5(c)(9) of the VR regulations that combines, clarifies, and enhances the two separate definitions of “competitive employment” and “integrated setting” for the purpose of employment under the VR program in prior §361.5(b)(11) and (b)(33)(ii), respectively;
- The revision of the definition of “employment outcome” in §361.5(c)(15) of the VR regulations that specifically identifies customized employment as an employment outcome under the VR program and requires that all employment outcomes achieved through the VR program be in competitive integrated employment or supported employment, thereby eliminating uncompensated outcomes, such as homemakers and unpaid family workers, from the scope of the definition for purposes of the VR program; and
- The requirement in section 102(b)(4)(A) of the Act and §361.46 (a) of the VR regulations that the individualized plan for employment (IPE) include a specific employment goal consistent with the general goal of competitive integrated employment.

B. Technical Assistance Topics

During the course of the on-site visit, the TA team identified and discussed the following topics

related to competitive integrated employment:

1. Competitive Integrated Employment-General Requirements

To satisfy the definition of “competitive integrated employment” in section 7(5) of the Act, as amended by WIOA, and §361.5(c)(9) of the VR regulations, the employment outcome must satisfy the criteria of three major components of the definition, including competitive earnings, integrated location, and opportunities for advancement.

While on-site, RSA reviewed DRS’ policies and procedures specific to employment outcomes in 89 IAC 595.40 and 595.50 and the Bureau of Blind Services’ Operations Manual to ensure that individuals have the opportunities and supports necessary to achieve employment outcomes in competitive integrated employment. Additionally, RSA reviewed DRS’ RSA-911 data describing the number and percentages of individuals who achieved employment outcomes in competitive integrated employment, their hours worked, and wages earned. In FFY 2015, 88 percent of DRS’ employment outcomes achieved were competitive employment outcomes.

During the on-site TA visit, RSA and DRS’ Manager of Strategic Management, the interim director of the Client Assistance Program , SRC Chair and representatives, Medicaid Waiver Specialists and Program Specialists discussed necessary revisions to the rules in 89 IAC 595.40 and 595.50 specific to employment outcomes and case closure for an individual who achieved an employment outcome in an integrated setting, such as the inclusion of the three components of competitive integrated employment and the criteria under each component. RSA and DRS staff also discussed including guidance in DRS’ policies that describes the procedures for a VR counselor to determine the level of interaction necessary in a customer’s employment to meet the definition of competitive integrated employment, and clarifies that an integrated setting does not include group or enclave settings. RSA and DRS discussed the need for counselor training specific to integrated settings and competitive employment.

RSA and DRS reviewed the competitive earnings component of competitive integrated employment and DRS described the minimum wage difference between the city of Chicago and the State of Illinois, where Chicago has a higher local minimum wage than the State minimum wage. Of the 5,923 individuals who achieved employment outcomes and whose cases were closed in FY 2015, 88 percent or 5,216 individuals achieved competitive employment with individuals earning an average of \$10.63 per hour. However, DRS’ case management system does not have edit checks in place to verify whether the wage earned was the highest of the local (geographic location of employer) or State minimum wage.

Additionally, RSA reviewed DRS’ self-employment policy in 89 IAC 520 and 595.50 , including the achievement of employment outcomes in self-employment pursuant to the definition of competitive integrated employment in section 7(5) of the Act, as amended by WIOA, and §361.5(c)(9) of the VR regulations. RSA and DRS staff discussed the need to revise the IAC to include the computation of wages earned by a self-employed individual and income expectations. Current self-employment policies involve business mentors or advisors to assist customers in writing a business plan. DRS reported that the goals described in an individual’s business plan are coordinated with an individual’s IPE goals.

While on-site, a representative from the Medicaid waiver program described that many individuals with intellectual disabilities under the Medicaid waiver are interested in pursuing competitive integrated employment. However, these individuals would have to apply for and exhaust VR services, before obtaining Medicaid waiver services. RSA recommended that additional career and benefits counseling be provided to individuals receiving Medicaid waiver services so that individuals can make informed choices with the understanding of the impact that the achievement of competitive integrated employment may have on Medicaid services, including the risk of losing benefits. Additionally, RSA staff clarified that competitive integrated employment includes part-time employment if that is an individual's informed choice.

DRS did not request additional TA related to the general requirements of competitive integrated employment.

TA Provided:

- RSA provided TA and guidance related to the new requirements in §361.5(c)(9) of the VR regulations related to the definition of competitive integrated employment, including the three components of competitive earnings, integrated location and opportunities for advancement. RSA clarified that the criteria of each of these components must be satisfied to be considered an employment outcome in competitive integrated employment.
- RSA clarified that in order to meet the definition of competitive integrated employment, earnings must be equal to or greater than the Federal, State or local minimum wage rate, whichever is higher, where the place of employment is located. As such, an individual employed in Chicago must earn the local minimum wage. RSA further clarified that an individual with a disability should be receiving wages comparable to those earned by an individual without a disability in a similar occupation and in the same geographic location. DRS identified that it will need to update its case management system to include an edit check to verify that the highest Federal, State or local (geographic location of employer) wage is reported for each individual.
- RSA reviewed the integrated location component of the definition of “competitive integrated employment” and clarified that an integrated setting does not include group and enclave settings, although telecommuting may be considered employment in an integrated setting.
- RSA recommended revisions to DRS’ competitive integrated employment and self-employment policies to ensure alignment with section 7(5) of the Act, as amended by WIOA, and §361.5(c)(9) of the VR regulations.
- RSA suggested expanding mentoring opportunities for individuals seeking self-employment with current business owners in the Randolph Sheppard Program and SRC members who are self-employed, in response to DRS’ expressed need for mentoring opportunities to support customers seeking self-employment and developing a business plan.

2. Employment Outcomes--Customized Employment

Section 7(11) of the Act, as amended by WIOA, and §361.5(c)(15) of the VR regulations add customized employment to the definition of “employment outcome.” Customized employment is a form of competitive integrated employment designed to meet the needs of individuals with significant disabilities and employers through flexible strategies. In accordance with §361.5(c)(11) of the VR regulations, the definition of “customized employment” is competitive integrated employment, where employment has been designed to meet the specific abilities of the individual with a significant disability, as well as the business needs of the employer; is based on an individualized determination of the unique strengths, needs, and interests of the individual with a significant disability; and is carried out through flexible strategies.

Although DRS does not currently have a written policy related to customized employment, it acknowledged the need to develop such a policy. RSA reviewed the VR services portion of the State Plan and relevant RSA-911 data. In FY 2015, DRS reported that of the individuals who achieved competitive employment and whose cases were closed, 14 individuals received customized employment services, possibly a result of two pilot programs. In September 2014, DRS implemented two customized employment pilots, one through the Illinois Department of Human Service’s Employment First Initiative that promotes community-based, integrated employment as the first option for employment related services for individuals with disabilities and another through the Vision Quest TA effort sponsored by the U.S. Department of Labor’s Office of Disability Employment Policy (ODEP). The provision and success of customized employment services depends upon extensive staff time allocated to the development and facilitation of community and employer engagement.

DRS identified TA needs associated with determining how CRPs, employment specialists, program coordinators and VR counselors can effectively market customized employment services to employers and human resource professionals. Additionally, DRS staff sought guidance on the average time a customer might spend in the Discovery phase of customized employment and inquired about some successful examples of customized employment to provide additional TA to DRS.

TA Provided:

- RSA provided DRS with customized employment resources to assist in engaging community employers, including resources from Explore VR and the Lead Center, which specifically identify best practices related to business or employer engagement.
- RSA collaborated with the U.S. Department of Labor’s ODEP to provide DRS with the average time an individual may spend in the Discovery phase of customized employment services and shared additional customized employment resource links to include best practices and successful examples of customized employment to achieve a competitive integrated employment goal.

3. Employment Outcomes—Uncompensated Outcomes

The revised definition of “employment outcome” in section 361.5(c)(15) specifically identifies customized employment as an employment outcome under the VR program, and requires that all employment outcomes achieved through the VR program be in competitive integrated employment or supported employment, thereby eliminating

uncompensated outcomes, such as homemakers and unpaid family workers, from the scope of the definition for purposes of the VR program. To assist VR agencies to implement the change in the definition and to ensure that individuals with disabilities do not experience a disruption in services, VR agencies may continue to provide services to individuals with uncompensated employment goals on their initial or amended IPEs, approved prior to September 19, 2016 (the effective date of the final regulations), until June 30, 2017, unless a longer period of time is required based on the needs of the individual with the disability as determined by the VR counselor and the individual with a disability, as documented in the individual's service record.

Prior to the on-site TA visit, RSA reviewed the RSA-911 data describing the achievement of uncompensated employment outcomes. Of the 5,923 individuals who achieved employment and whose cases were closed in FFY 2015, 5.5 percent, or 326 individuals, achieved uncompensated employment or homemaker outcomes.

While on-site, RSA provided an overview of the requirements specific to the definition of "employment outcome" in §361.5(c)(15) of the VR regulations and uncompensated outcomes achieved by individuals served by DRS. RSA and DRS reviewed DRS' rules in 89 IAC 595.50 and the Bureau of Blind Services Operations Manual and policies specific to uncompensated outcomes (i.e. homemakers). DRS and RSA clarified the need to revise policies regarding employment outcomes, including the existing rules in the Bureau of Blind Services' Operations Manual and the IAC specific to uncompensated employment outcomes (i.e., homemakers), and the development of a timeline for removal of the existing rule from the IAC.

RSA requested that DRS issue a policy directive (PD) in the interim of IAC amendments describing the statutory changes in section 7(11) of the Act, as amended by WIOA, to the definition of "employment outcome" as implemented by 361.5(c)(15) of the VR regulations. DRS clarified that the current policy in the Bureau of Blind Services Operations Manual includes outdated information. For example, Illinois previously received additional State funds to provide limited services to consumers with minimal needs outside of the VR program; these services are no longer provided or funded by a State appropriation. Additionally, RSA inquired about exemptions from Federal requirements and the IAC in the Bureau of Blind Services Operations Manual. While the historical nature of this exemption statement in the homemaker policy was unknown to DRS, DRS agreed to remove the statement from its revised competitive integrated employment and uncompensated outcomes policies, while also updating other sections for consistency and compliance.

To address concerns expressed by the Bureau of Blind Services about the ability of the individuals it serves to achieve competitive integrated employment, particularly those receiving benefits from the Social Security Administration, RSA, DRS, and the Bureau of Blind Services discussed implementing additional benefit planning counseling to those individuals who may be receiving benefits from the SSA. DRS reported that many customers require information technology (IT) training as an independent living (IL) service. DRS staff agreed to collaborate with the State Independent Living Council (SILC) in order to explore the possibility of additional IL funds that may be utilized for the provision of IT training.

The Bureau of Blind Services also will revise its Operations Manual, Chapter 4 (see sections 4.1, 4.12, 4.121 through 4.124; 4.2, 4.21 through 4.24; 4.3, 4.31 through 4.34; 4.4, 4.41; and 4.5, 4.51 through 4.54) to incorporate requirements specific to the Bureau of Blind Services under section 511 of the Act and 34 CFR part 397 of the VR regulations.

TA Provided:

- RSA provided an overview of the requirements specific to the definition of “employment outcome” in section 7(11) of the Act, as amended by WIOA, and §361.5(c)(15) of the VR regulations and the elimination of uncompensated outcomes. RSA also clarified that as of September 19, 2016, the effective date of the final regulations, VR agencies may no longer approve or amend an IPE with an employment goal of homemaker.
- RSA clarified that while no new IPE’s with a homemaker goal may be written after September 19, 2016, VR agencies may continue to serve individuals pursuing uncompensated employment on approved IPEs through June 30, 2017, unless an additional period of time is warranted based on the needs of the individual as documented in the service record.
- RSA provided TA to DRS regarding revisions to its 89 IAC 595.50 and the Bureau of Blind Services Operations Manual to eliminate uncompensated workers (i.e., homemakers) and issuance of a PD describing the competitive integrated employment requirements and elimination of uncompensated employment outcomes while changes to the IAC are processed to reflect sections 7(5), 7(11) and 102(b)(4)(A) of the Act, as amended by WIOA, and §§361.5(c)(9), 361.5(c)(15), and 361.46(a) of the VR regulations, respectively.
- RSA provided DRS with the RSA Regional Training power point slides on competitive integrated employment and related sections for reference.
- RSA clarified that IL skills training (not necessary to assist an individual with achieving employment) is also available through the Older Individuals Who Are Blind (OIB) program and other IL programs authorized under title VII of the Act, as has always been the case.

4. Impact of an Order of Selection on Competitive Integrated Employment

Section 101(a)(5)(D) of the Act, as amended by WIOA, and §361.36(a)(3)(v) of the implementing regulations permit a VR agency to elect to serve eligible individuals who require specific services or equipment to maintain employment, whether or not those individuals are receiving VR services under the order of selection. This exemption from the order of selection applies only to those services and equipment needed to maintain the individual’s employment. It does not permit the VR agency to provide VR services and equipment not directly tied to maintaining the individual’s current employment. If the VR agency elects to exercise this flexibility, it must indicate so in the VR services portion of the State Plan.

DRS reported in its description of the VR services portion of the PY 2016 State Plan that it did not elect to serve individuals who are at risk of losing employment outside an order of selection, as permitted by section 101(a)(5)(D) of the Act, as amended by WIOA. DRS is currently under an order of selection with three of its four categories open for FY 2016.

As such, DRS communicated that it is not currently implementing the exemption, but will consider this option should it have to close an order of selection priority category due to limited fiscal or staff resources. DRS will include this exemption decision in its revised policies regarding order of selection.

DRS staff did not express any TA needs on the impact of order of selection on competitive integrated employment.

TA Provided:

RSA staff reviewed DRS' policies and the VR services portion of the PY 2016 State Plan in relation to order of selection and provided TA on fiscal forecasting and recommendations related to updating policies to include electing not to serve individuals who are at risk of losing employment outside an order of selection, as permitted by section 101(a)(5)(D) of the Act, as amended by WIOA.

IV. Pre-Employment Transition Services

A. General

The Act, as amended by WIOA, places heightened emphasis on the provision of services, including pre-employment transition services, to students and youth with disabilities, as applicable, to ensure they have meaningful opportunities to receive training and other services necessary to achieve employment outcomes in competitive integrated employment. The Act and its final regulations in 34 CFR part 361 contain several new terms and requirements related to pre-employment transition services.

Pre-employment transition services, defined in section 7(30) of the Act, as amended by WIOA, and §361.5(c)(42) of the final regulations, include both required activities and authorized activities specified in section 113 of the Act and §361.48(a) of the VR regulations. There are five required activities (most beneficial to a student in the early stages of employment exploration) that are provided directly to eligible or potentially eligible students with disabilities. There are nine authorized activities described in §361.48(a)(3) of the VR regulations that VR agencies may implement to improve the transition of students with disabilities from school to postsecondary education or an employment outcome.

Pre-employment transition services also include pre-employment transition coordination activities. Pre-employment transition coordination activities, described in §361.48(a)(4) of the VR regulations, include activities that each local VR agency office must engage in to coordinate and facilitate the provision of pre-employment transition services to students with disabilities.

B. Technical Assistance Topics

During the course of the on-site visit, the TA team identified and discussed the following topics related to pre-employment transition services.

1. Planning for and Coordination of Pre-Employment Transition Services: Statewide Assessment and Strategies

Under section 101(a)(15) of the Act, as amended by WIOA, and §361.29(a)(1)(i)(D) of the VR regulations, VR agencies must include, in the CSNA, the VR needs of students and youth with disabilities, including their need for pre-employment transition services or transition services, as applicable, and an assessment of that need, as well as the extent to which services are coordinated with transition services under the Individuals with Disabilities Education Act (IDEA). The VR services portion of the State Plan must describe the strategies Illinois will use to improve and expand VR services for students and youth with disabilities, including pre-employment transition services for students with disabilities pursuant to section 101(a)(25) of the Act, as amended by WIOA, and §361.29(d)(3) and (4) of the VR regulations.

DRS completed its CSNA in FY 2013, and in FY 2014, it completed a supplemental survey specific to the provision of transition services to transition-age youth with disabilities. The statewide assessment and survey were conducted prior to WIOA amendments to the Act which created critical statutory definitions relevant to the delivery of pre-employment transition services and transition services. In accordance with the statutory provisions, the CSNA must identify the needs of individuals who meet the new regulatory definitions of “student with a disability” and “youth with a disability.” As such, DRS plans to conduct an online needs assessment survey in FY 2016, to assess VR service needs, including pre-employment transition services and transition services reported in the VR services portion of the PY 2018 Illinois Unified State Plan.

While on-site, RSA, DRS’ Manager of DRS Strategic Management and SRC representatives reviewed the CSNA results reported in description j of Illinois’ PY 2016 Unified State Plan to determine how to address the new requirements specific to the statewide assessment in §361.29 of the VR regulations. DRS and RSA also discussed how to utilize the CSNA, as well as fiscal planning and forecasting, to determine the number of potential individuals eligible for pre-employment transition services, and to identify the funds necessary to provide the “required” pre-employment transition services as described in section 113(b) of the Act, as amended by WIOA, and §361.48(a)(2) of the VR regulations, before the implementation of authorized activities itemized in section 113(c) of the Act, as amended by WIOA, and §361.48(a)(3) of the VR regulations. In addition, DRS provided RSA with an overview of the strategies it will use to address the needs identified in the CNSA to achieve the goals and priorities established by DRS in its State Plan.

DRS reported that it identifies students and youth with disabilities through its partnerships with local educational agencies and high school cooperatives. Although DRS provides pre-employment transition services and transition services to students with disabilities through STEP, a long standing cooperative effort by DRS and local educational agencies, as well as school districts, it also provides pre-employment transition services and transition services directly to students with disabilities through its VR counselors, and as contracted services provided by CRPs. In addition to students with disabilities, DRS serves 600-700 youth with disabilities that do not participate in STEP and are self-referred. DRS reported that it surveyed the service needs of students and youth with disabilities through mailings to families, as well as stakeholders, advocacy organizations and providers that serve students and youth with disabilities. During the on-site discussion, the SRC representatives suggested expanding the

distribution of surveys to back to school nights, parent-teacher meetings, and STEP students through STEP transition specialists.

During the on-site session, DRS communicated that it will be expanding the provision of pre-employment transition services to students with disabilities who are potentially eligible (i.e., students with disabilities who have not applied for VR services), as well as transition and VR services, including work experiences for youth with disabilities who have exited from school, through its business engagement strategy and partnerships with workforce entities, CRPs, and independent living centers. DRS shared that it will be coordinating trainings with the Department of Labor's Disability Employment Initiative (DEI) in January for VR and DEI staff to better understand how the two programs can collaborate to meet the needs of and serve in-school and out-of-school youth. It is also partnering with the Department of Commerce to develop work-based learning experiences for students with disabilities, and work experiences for youth with disabilities. DRS is partnering with the University of Kansas to develop family employment awareness training to expose families to the opportunities available to students and youth with disabilities.

DRS did not request additional TA related to the planning for and coordination of pre-employment transition services using the CSNA.

TA Provided:

- RSA reviewed and provided technical assistance related to the new requirements in §361.29(a)(D) of the VR regulations regarding the assessment and determination of the needs of students and youth with disabilities, including their need for pre-employment transition services or other transition services, as applicable; and the extent to which such services are coordinated with transition services provided by the Local Educational Agency (LEA) under the IDEA.
- RSA provided technical assistance related to the definitions of “student with a disability” in section 7(37) of the Act, as amended by WIOA, and §361.5(c)(51) of the VR regulations, and “youth with a disability” in section 7(42) of the Act, as amended by WIOA, and §361.5(c)(58) of the VR regulations to clarify distinctions between the two terms as DRS assesses the needs of each population.
- RSA also clarified the services to be assessed for students and youth with disabilities since pre-employment transition services may only be provided to individuals who meet the definition of “student with a disability”, whereas students and youth with disabilities may receive group transition services, regardless of whether they have applied for VR services, or individualized transition services under an approved IPE in accordance with section 103 of the Act, as amended by WIOA, and §§361.49(a) and 361.48(b) of the VR program regulations, respectively.
- RSA recommended that the assessment of the students and youth with disabilities in need of pre-employment transition services and transition services should also include an evaluation of the specific services and activities needed by each population (i.e., students and youth with disabilities). RSA encouraged DRS to also assess the needs of those individuals with most significant disabilities and the unserved or underserved individuals within these two populations.

- RSA clarified that once DRS determines the potential students with disabilities eligible for pre-employment transition services, and targets a sufficient amount of reserved funds necessary to provide the “required” activities needed by the population identified in the CSNA, if any funds remain, funds reserved for the provision of pre-employment transition services may then be used for “authorized” activities.

2. State Educational Agency (SEA) Agreement

Under section 101(a)(11)(D) of the Act, as amended by WIOA, and §361.22 of the VR regulations, VR agencies are required to develop policies and procedures for coordinating with educational officials to facilitate the provision of VR services, including pre-employment transition services. Additionally, the VR services portion of the PY 2016 Illinois Unified State Plan must contain plans, policies, and procedures for coordination between the VR agency and the SEA to facilitate the transition of students from the receipt of educational services, including pre-employment transition services, to the receipt of VR services as required in §361.22(a)(1) of the VR regulations. As a result of WIOA amendments to the Act, VR program regulations specific to the formal interagency agreement described in §361.22(b) have been revised to incorporate pre-employment transition services in the interagency coordination of transition services; the provision of consultation and technical assistance to educational agencies through alternative means; coordination necessary to satisfy documentation requirements set forth in 34 CFR part 397 with regard to students and youth seeking subminimum wage employment; an assurance that neither the SEA nor LEA will enter into a contract or other arrangement with an entity, as defined in §397.5(d) of the VR regulations, for the purpose of operating a program under which a youth with a disability is engaged in work compensated at subminimum wage; and the construction clause in section 101(c) of the Act, as amended by WIOA.

Following the FFY 2011 section 107 monitoring review and the WIOA amendments to the Act, DRS has worked collaboratively with the ISBE and RSA to ensure that the formal interagency agreement included the minimum requirements of a formal interagency agreement pursuant to §361.22(b) of the VR regulations. Prior to the on-site technical assistance visit, DRS and RSA reviewed description d: Coordination with Education Officials from the VR services portion of the Illinois PY 2016 Unified State Plan, as well as a draft formal interagency agreement developed by DRS in coordination with ISBE. RSA, DRS and ISBE discussed the draft formal interagency agreement while on-site.

During the on-site session specific to the formal interagency agreement, RSA provided guidance and clarification, as well as support to the DRS Director, Assistant Director and interim director of the Client Assistance Program, Strategic Manager, Bureau Chief of Field Services, Program Specialist, Bureau Chief of Blind Services, ISBE representatives and attorneys from ISBE and DRS. RSA reviewed the requirements related to the formal interagency agreement in section 101(a)(11)(D) of the Act and §361.22(b) of the VR regulations; coordination and provision of pre-employment transition services in section 113 of the Act, as amended by WIOA, and §361.48(a) of the VR regulations; and coordination of responsibilities under section 511 of the Act and 34 CFR part 397 of the VR regulations. DRS and ISBE agreed to share responsibility for transition services and pre-employment transition services and that DRS would be responsible for VR services, while local educational agencies (LEA) would be

responsible for special education and related services.

DRS provided training to all of the LEAs providing pre-employment transition services through STEP prior to the FY 2016-2017 school year, and also discussed the need to issue joint guidance with ISBE regarding the requirements of the formal interagency agreement, as well as the provision of pre-employment transition services to the LEAs and VR offices.

DRS did not request additional TA related to the finalization of its formal interagency agreement with ISBE.

TA Provided:

- RSA provided technical assistance specific to the formal interagency agreement requirements described in §361.22(b) of the VR regulations, including the use of Transition Planning Committees to outreach to and identify students in need of not only transition services, but also pre-employment transition services; the requirements under section 511 of the Act, as amended by WIOA, specific to the coordination necessary to satisfy documentation requirements with regard to students and youth with disabilities who are seeking subminimum wage employment; and contracting prohibitions for educational agencies to enter into a contract with an entity that holds a special wage certificate under section 14(c) of the Fair Labor Standards Act for the purpose of employing youth with disabilities at subminimum wages.
- RSA clarified that decisions related to financial responsibility for providing not only transition services, but also pre-employment transition services, must be made at the State and local level and that DRS and ISBE may consider including criteria in the formal interagency agreement to assist LEAs and local VR offices with determining which entity is responsible for providing and funding services that are similar under the Act and IDEA. Specifically, RSA reviewed the criteria described in the preamble to the final VR regulations (81 FR 55629 (August 19, 2016)), including whether: 1.) the purpose of the service is for an employment outcome or education attainment; 2.) the service is customarily provided under IDEA part B, or by the VR program; and 3.) the student with a disability is eligible for services under IDEA or the VR program.
- RSA provided DRS and ISBE with the statutory provisions of the construction clause which clarifies that nothing in the formal interagency agreement will be construed to reduce the obligation under IDEA of a LEA or any other agency to provide or pay for transition services, including pre-employment transition services that are also considered to be a special education or related service necessary for a free appropriate public education (FAPE) in accordance with section 101 of the Act, as amended by WIOA, and §361.22(c) of the VR regulations.
- RSA provided guidance related to determination of eligibility and development of the IPE, including mandated timelines in accordance with sections 101(a)(11)(D), 102(a)(6) and 102(b)(3)(F) of the Act, as amended by WIOA, and §§361.22(a)(1), 361.41(b)(1), and 361.45(e) of the VR regulations, respectively.

3. Provision of Pre-Employment Transition Services

Pre-employment transition services include the required activities, authorized activities, and pre-

employment transition coordination activities listed in section 113 of the Act, as amended by WIOA, and §361.48(a) of the VR regulations.

- A. The required activities, or direct services, are to be provided or arranged for in collaboration with the LEA and must be made available Statewide to all students with disabilities in need of such services, regardless of whether they have applied or been determined eligible, for the VR program. These services can be provided prior to application; or after application, eligibility determination or IPE development, so long as the definition of “student with a disability” in section 7(37) of the Act, as amended by WIOA, and §361.5(c)(51) of the VR regulations is met. Students with disabilities who have not applied for VR services, but are receiving pre-employment transition services, would be considered “recipients” of VR services for purposes of §361.28 of the VR regulations governing third-party cooperative arrangements. As such, VR agencies may enter into third-party cooperative arrangements for the provision of pre-employment transition services, so long as all requirements of §361.28 of the VR regulations are met.

DRS and RSA reviewed description d of the VR services portion of the PY 2016 Unified State Plan, STEP Manual, STEP third-party cooperative arrangements, including performance and milestone contracts, and a Worksite Agreement from DRS’ case management system, WebCM, while on-site.

During the on-site TA visit, RSA and DRS’ Director, Assistant Director, interim director of the Client Assistance Program, Manager of DRS’ Strategic Management, Bureau Chief of Field Services, Manager of DRS Fiscal/Budget, Fiscal/Budget Program Specialist, Program Specialist to the Director’s Office, Program Advisor to DRS Community Resources, VR Supervisors, Transition Specialists from the Springfield School District, and ISBE representative discussed the coordination and provision of pre-employment transition services and transition services in the State of Illinois. Currently, pre-employment transition services and transition services are provided directly to students with disabilities between the ages of 14 ½ and 22 years of age who have applied for VR services by DRS’ VR counselors, as well as in collaboration with LEAs through contracts and third-party cooperative arrangements known as STEP, and CRPs through contracts. For the 2016-2017 school year, DRS implemented contracts with 144 school districts, of which 135 contracts were third-party cooperative arrangements that included the provision of pre-employment transition services. DRS reported that it served 10,089 students with disabilities through STEP, as of June 4, 2016. Students who participate in STEP programming also earn credit towards high school graduation requirements. To ensure outreach to all students with disabilities in need of VR services, DRS has assigned VR counselors as liaisons to each high school in the State of Illinois, in addition to the transition coordinators, and transition specialists who provide STEP programming to students through third-party cooperative arrangements.

Across the State of Illinois, transition coordinators and the Transition Planning Councils (TPC) comprised of educational program and DRS staff work with school personnel in each region to identify and outreach to students with disabilities in need of pre-employment transition services and transition services. Students with disabilities can self-refer or be referred to DRS for pre-employment transition services and transition services by his or her teachers, transition coordinator, transition specialist, TPC, school personnel, medical practitioners, family or his or her representatives. DRS clarified that some of these students

may have IEPs or be receiving services under section 504 of the Act.

DRS begins providing pre-employment transition services and transition services to students with disabilities who have applied for VR services in their sophomore year of high school and each year, depending upon need, more intensive services are provided. For example, when a student secures a work permit around the ages of 15 to 16 ½ years old, he or she would be able to participate in work-based learning experiences through STEP.

During the on-site visit, DRS' Manager of Strategic Management communicated that DRS began updating its case management system, WebCM, and its STEP contracts to incorporate pre-employment transition services after the enactment of WIOA amendments to the Act. The services provided by DRS or arranged to be provided by LEAs and CRPs to students with disabilities have been revised to include the following required activities under pre-employment transition services: job exploration counseling, work-based learning experiences, counseling on post-secondary education, workplace readiness training, and instruction in self-advocacy. DRS' VR counselors with STEP and transition caseloads, and transition specialists from LEAs provided RSA with examples of pre-employment transition services provided to students with disabilities across the State of Illinois, including: job exploration counseling (e.g., career cruising interest inventories, other on-line interest inventories, and labor market mapping and networking); work-based learning experiences (e.g., school-based employment, employer paid work experiences or internships through STEP); counseling opportunities for post-secondary education (e.g., counseling and resources provided as part of DRS' community college initiative, if eligible, linkages to Disability Support Services, coordination of placement testing, tours of community colleges, including Lincoln Land to meet with students and professors); work readiness training (e.g., in-school curriculum focused on teaching employment or soft skills and "Welcome to the Real World" experiences through the University of Illinois extension office); and instruction in self-advocacy (e.g., student led IEP meetings, TPC training modules, lessons on rights and responsibilities under the Americans with Disabilities Act of 1990 and section 504 of the Act). DRS communicated that it has updated its STEP and Transition brochures to reflect pre-employment transition services available to students with disabilities. While STEP places a heightened emphasis on employer-paid work-based learning experiences, all pre-employment transition services are available based upon a student's need and can also be arranged for students with disabilities who are not participating in STEP.

While on-site DRS and RSA staff reviewed STEP programming provided through performance based and milestone third-party cooperative arrangements. In order to participate in the STEP program, students with disabilities who have IEPs must apply and be determined eligible for the VR program, and develop an IPE pursuant to 89 IAC 590.730. STEP programming provides opportunities for students with disabilities to receive not only pre-employment transition services, but also individualized support services (i.e., job coaching, transportation and assessments). The majority of STEP funding is performance-based, centering on the achievement of contract outcomes, defined as a "student with a disability" working at least 240 hours during the school year in an employer-paid job in a community setting earning at least the minimum wage. The remainder of STEP funding is expended for the provision of required activities under pre-employment transition services (e.g., job exploration counseling, work-based learning experiences, counseling on

comprehensive transition or postsecondary education opportunities at institutions of higher education, workplace readiness training, and instruction in self-advocacy. Typically, younger students with disabilities are involved in workplace readiness activities and unpaid work experiences, leading up to paid community work as a key work experience.

DRS did not request additional TA related to the provision of required activities under pre-employment transition services.

TA Provided:

- RSA clarified that pre-employment transition services are to be made available statewide to students with disabilities who are in need of such services who are eligible or potentially eligible for VR services. RSA further clarified that all students with disabilities are potentially eligible for VR services, regardless of whether they have applied or been determined eligible for VR services. As such, a student does not have to be an applicant of or eligible for VR services to receive any of the required activities under pre-employment transition services.
- RSA and DRS discussed expanding its outreach and provision of pre-employment transition services to students with disabilities who have not applied for VR services, including not only students in receipt of services under part B of IDEA, but also students with disabilities for purposes of section 504 of the Act.
- RSA clarified that third-party cooperative arrangements and other contracts can be used to provide pre-employment transition services to students with disabilities who are potentially eligible for VR services (non-applicants), as recipients of VR services, or applicants of VR services. The method an agency uses to provide pre-employment transition services to non-applicants and applicants may differ (e.g., direct services by a VR counselor, third-party cooperative arrangement with a LEA, or contract with a CRP, including fee-for-service or performance-based) so long as the State makes the “required” activities available to both non-applicants and applicants Statewide, even if through different agreements.
- RSA clarified that individualized VR services, including support services (e.g., job coaching and transportation) are beyond the scope of pre-employment transition services pursuant to section 113 of the Act, as amended by WIOA, and §361.48(a) of the VR regulations. As such, individualized support services cannot be provided as pre-employment transition services or charged to the funds reserved for the provision of pre-employment transition services. However, DRS may continue to provide individualized support services through STEP only if such services are authorized under an approved IPE and funded using non-reserved VR funds.
- RSA provided technical assistance to DRS regarding the provision of competitive wages or stipends for students with disabilities who are participating in unpaid work experiences. Specifically, DRS may pay competitive wages or stipends directly to students with disabilities, or in the alternative, VR agencies may reimburse employers for wages or stipends that are commensurate with and to the same extent they are provided to students without disabilities participating in work-based learning experiences.
- RSA requested that STEP contracts and manuals be in compliance not only with all State and Federal Department of Labor (DOL) regulations, but also the Act, as amended by

WIOA, and its VR program regulations.

- RSA provided TA to DRS related to reviewing current projects and programming through the Centers for Independent Living PTS Partnership, Illinois Center for Rehabilitation and Education (ICRE) – Roosevelt, Illinois School for the Deaf and Illinois School for the Visually Impaired Vocational Programming, and Project SEARCH to determine if services provided fit within the scope of pre-employment transition services activities described in section 113 of the Act, as amended by WIOA, and §361.48(a) of the VR regulations and that the costs are incurred solely for the benefit of a student with a disability.
- RSA clarified that if a service constitutes a pre-employment transition service, as described in section 113(b) through (d) of the Act or §361.48(a)(2) through (4) of the VR regulations, DRS may use funds reserved pursuant to section 110(d) of the Act and §361.65(a)(3) to pay for those costs. RSA emphasized that it is essential that DRS maintain sufficient internal controls pursuant to §361.12 and 2 CFR 200.302(a) to ensure that only allowable pre-employment transition services are charged against the reserved funds, thereby ensuring proper fiscal and data accountability. For example, costs for the provision of work-based learning opportunities, workplace readiness training or instruction on self-advocacy may be paid with reserved funds, but costs incurred for the provision of individualized support services, such as job coaching, room and board, and transportation cannot be paid with the funds reserved for the provision of pre-employment transition services.

- B. Authorized activities are described in section 113(c) of the Act, as amended by WIOA, and 361.49(a)(3) of the VR regulations and may be provided to improve the transition of students with disabilities from school to postsecondary education or an employment outcome. The authorized activities must support the provision or arrangement of the required activities under section 113(b) of the Act, as amended by WIOA, and may be provided only if funds reserved under section 110(d)(1) of the Act, as amended by WIOA, remain after the provision of required activities described in section 113(b) of the Act, as amended by WIOA.

DRS and RSA reviewed the TA protocol, as well as the statutory and regulatory requirements related to the provision of the nine authorized activities once DRS has determined that funds are available and remaining after the necessary required activities have been provided to students with disabilities identified as needing such services. At the time of the on-site TA visit, DRS' efforts were focused on providing all of the required activities needed by students with disabilities in the State of Illinois. Although DRS conducted a training webinar for DRS VR counselors and special education personnel in October 2015, with the frequent changes in staffing, DRS and LEA representatives suggested the development of a frequently updated contact list to facilitate communication between LEAs and DRS, as well as the provision of additional training necessary to educate principals and school personnel of the services available through DRS, including pre-employment transition services. DRS STEP contracts include providing school personnel with training and materials necessary to understand the VR eligibility process and the DRS' order of selection policy, as well as consultation and technical assistance to school personnel as needed.

DRS did not request additional TA related to the provision of authorized activities under pre-

employment transition services.

TA Provided:

- RSA clarified that authorized activities may be provided concurrently with required activities and pre-employment transition coordination activities so long as funds reserved for the provision of pre-employment transition services remain beyond the targeted amount necessary for the required activities as identified in the CSNA, fiscal forecasting or other planning activities.
- RSA provided technical assistance regarding the nine authorized activities that DRS may provide to support the arrangement or provision of the “required” activities, including providing instruction to VR counselors, school transition personnel, and other persons supporting students with disabilities; and coordinating activities with transition services provided under the IDEA.

C. VR agencies must participate in pre-employment transition coordination activities described in section 113(d) of the Act, as amended by WIOA, and §361.48(a)(4) of the VR regulations. The VR agency may engage in these activities using alternate means (e.g., video conferences and teleconferences).

DRS’ VR counselors with STEP and transition caseloads who are assigned as liaisons to LEAs provide consultation and technical assistance to LEAs in the planning for the transition of students from school to post-school activities. DRS’ VR counselors also attend IEP, transition planning, and TPC meetings when invited, to provide information and resources related to the opportunities and services available through the VR program.

DRS did not request additional TA related to the provision of pre-employment transition coordination activities under pre-employment transition services.

TA Provided:

- RSA clarified that pre-employment transition coordination activities are necessary for the provision of required activities to students with disabilities. As such, DRS may use funds reserved to provide pre-employment transition services to carry out any of the responsibilities described under pre-employment transition coordination activities in section 113(d) of the Act, as amended by WIOA, and §361.48(a)(4) of the VR regulations.

4. Order of Selection and Continuation of Services

Neither section 101(a)(5) of the Act, as amended by WIOA, nor §361.36(d) of the VR regulations exempts students with disabilities from any of the order of selection requirements, which apply to all VR program applicants. However, as specified in §361.36(e)(3)(A), the VR agency must continue to provide pre-employment transition services to students with disabilities who were receiving such services prior to being determined eligible for VR services and assigned to a closed order of selection priority category. In addition, VR agencies may provide general transition services that benefit a group of students with disabilities in a group setting

pursuant to section 103(b)(7) of the Act, as amended by WIOA, and §361.49(a)(7) of the VR regulations to ensure the continuation of some beneficial services in the event that a student with a disability is assigned to a closed priority category prior to receiving pre-employment transition services. However, individualized VR and transition services, may only be provided under an IPE.

DRS and RSA reviewed description (m) of the VR services portion of the State Plan, TA Protocol, and RSA Regional TA Training slides. As reported in the State Plan, DRS implemented an order of selection with three of its four priority categories open to provide services, including most significant disability, very significant disability and significant disability. These three priority categories will remain open in FY 2017, unless DRS makes a determination that circumstances require a change to the order of selection. As of October 25, 2016, thirteen individuals were assigned to the fourth priority category of “individuals determined to have disabilities.”

DRS communicated that its implementation of an order of selection has not had an impact on the provision of pre-employment transition services. At this time, the individuals on the waitlist are not students with disabilities. However, should DRS determine that it is unable to provide the full range of VR services to all eligible individuals in the State who apply for VR services because of insufficient staff or fiscal resources, it may need to close additional priority categories. To that end, it is important that VR staff and LEAs understand which services may continue to be provided when students or youth with disabilities are assigned to a closed priority category to ensure the continuation of services.

Prior to the on-site review, DRS revised the VR services portion of the PY 2016 Unified State Plan by including a description of the four order of selection priority categories, as well as the criteria and documentation of the determination for the fourth priority category, “individuals with disabilities.” DRS also revised the priority category criteria for all four priority categories in accordance with section 101(a)(5)(C) of the Act and §§361.5(c)(29), 361.5(c)(30); 361.36(d)(1) and (2) of the VR regulations. RSA requested that DRS amend the IAC, Title 89, Chapter IV, Subchapter b, Section 553.140(a) by including the fourth priority category (individual with a disability) and aligning it with all Federal requirements.

DRS did not request additional TA related to order of selection requirements or the continuation of pre-employment transition services and group transition services for individuals assigned to a waitlist under the order of selection.

TA Provided:

- RSA clarified that if a student with a disability were receiving at least one of the pre-employment transition services prior to eligibility determination and placement in a closed order of selection priority category, he or she may continue to receive that same pre-employment transition service and any other pre-employment transition services, consistent with §361.36(e) of the VR regulations.
- RSA recommended that DRS collaborate with LEAs, other workforce development partners and community resources to determine whether needed services similar to

individualized VR services could be provided by another source in conjunction with pre-employment transition services provided by the VR agency, while the student remains in a closed order of selection priority category.

- RSA requested that a PD be issued to DRS staff clarifying the revised order of selection categories, criteria and documentation requirements for each category, as well as the continuation of group transition services and pre-employment transition services for those students in receipt of such services prior to eligibility and assignment to a closed order of selection priority category in the interim of an amendment to IAC, Title 89, Chapter IV, Subchapter b, Section 553.140(a) by including the fourth priority category (individual with a disability) and aligning it with all Federal requirements.

5. Policies Regarding Pre-Employment Transition Services

The new definitions and requirements related to pre-employment transition services and students with disabilities under the Act, as amended by WIOA, require policy revisions and development of new policies. As specified in §361.50(a) of the VR regulations, VR agencies are required to develop and maintain written policies regarding the nature and scope of VR services, which include pre-employment transition services.

As previously discussed, DRS provides pre-employment transition services primarily through its STEP third-party cooperative arrangements and contracts with local schools and districts, as well as directly by VR counselors or through contracts with CRPs. As such, DRS developed the STEP manual with contributions from school partners serving on the Statewide Secondary Transitional Experience Program Advisory Council, issued on August 25, 2015. During the on-site review, RSA reviewed the STEP manual which provides a description of the STEP program and services defined as pre-employment transition services, including job exploration counseling, on campus evaluations and on-the-job-trainings, as well as job coaching services to be provided to students with disabilities who have been determined eligible for VR services and for whom an IPE has been developed. However, DRS does not have regulations specific to the statewide provision of pre-employment transition services to students with disabilities who are eligible or potentially eligible for VR in the IAC, regardless of whether such services are received in collaboration with LEAs, CRPs or provided directly by VR counselors.

While on-site, RSA and DRS discussed the services provided as pre-employment transition services and examples provided in the preamble to the final regulations (81 FR 55629, 55694 - 55695). A Transition Specialist from the Springfield School District provided RSA and DRS a STEP flow chart that included a detailed description of the STEP services, service fees, foundational skills aligned with the required activities under pre-employment transition services, and documentation to be collected and reported to DRS. DRS expressed interest in using the flow chart as a resource for DRS staff as it reviews transition services provided prior to the enactment of WIOA to determine if some of the services provided fit within the scope of pre-employment transition services as allowable required or authorized activities. RSA and DRS staff, as well as Transition Specialists and SRC members representing ISBE and the Client Assistance Program discussed how to revise the STEP manual and develop a policy specific to the provision of pre-employment transition services for those individuals served not only through STEP, but also directly by VR counselors or CRPs contracted to provide such services.

RSA and DRS also discussed the group transition services available to students and youth who may not have applied for VR services under section 103(b) of the Act and §361.49(a)(7) of the VR regulations. Although group transition services benefit a group of individuals, they are not individualized services directly related to an IPE. DRS had not implemented group transition services at the time of the on-site TA visit.

DRS did not request additional TA related to the development of policies regarding the provision of pre-employment transition services.

TA Provided:

- RSA provided technical assistance to DRS regarding the issuance of a PD, in the interim of IAC amendments and revisions to its STEP Manual, third-party cooperative arrangements and contracts including the scope of pre-employment transition services; examples of the allowable activities to be provided directly to individuals who meet the definition of “student with a disability” and are eligible or potentially eligible for VR services; data to be exchanged and shared by DRS and LEAs; and requirements for documenting, tracking and reporting the provision of pre-employment transition services in coordination with LEAs.
- RSA provided examples of required activities provided in the preamble to the VR regulations to assist DRS with identifying specific services or activities provided through STEP by schools and districts; contracts with CRPs and directly by VR counselors that meet the scope of pre-employment transition services and are allowable “required” activities pursuant to section 113(b) of the Act, as amended by WIOA, and §361.48(a)(2) of the VR regulations.
- RSA clarified that pre-employment transition services should not be used as assessment services for the purpose of determining whether additional VR services are necessary, or if the individual will be successful in employment (see 81 FR 55629, 55695). RSA further clarified that individualized support services (e.g., job coaching and transportation) are beyond the scope of pre-employment transition services and that such services must be provided under an approved IPE with non-reserved VR funds. RSA communicated that individualized support services may continue to be provided under an IPE through third-party cooperative arrangements, as described in the STEP manual, but not as pre-employment transition services. This will be an important distinction to include in the STEP manual, PD and IAC amendments.
- RSA clarified that group transition services under section 103(b) of the Act, as amended by WIOA, and §361.49(a)(7) of the VR regulations may be provided to students and youth with disabilities, regardless of whether these populations have applied for VR services. As such, DRS will need to revise 89 IAC 590.730, as the rule currently requires that an individual be eligible for VR services prior to receiving transition services and does not address pre-employment transition services. A distinction between group and individualized transition services will be necessary since an individual must be eligible for VR services in order to receive individualized transition or VR services under an approved IPE pursuant to section 103(a) of the Act, as amended by WIOA, and §361.48(b) of the VR regulations. Additionally, 89 IAC 553.130 requires that an

individual be eligible for VR services and placed in an open category under the order of selection, which will need to be revised as group transition services may also be received by individuals eligible for VR services, but assigned to a closed order of selection category. These services cannot be charged to the funds reserved for the provision of pre-employment transition services.

- RSA clarified that all applicants and recipients of VR services, including pre-employment transition services, must be informed of the Client Assistance Program in accordance with section 20 of the Act, as amended by WIOA. Furthermore, section 112(a) of the Act, as amended by WIOA, authorizes Client Assistance Program grantees to assist individuals receiving pre-employment transition services, including those students who have not yet applied for VR services.

6. Fiscal Requirements for the Provision of Pre-Employment Transition Services

Section 110(d)(1) of the Act, as amended by WIOA, and §361.65(a)(3) of the VR regulations require States to reserve and expend not less than 15 percent of their Federal VR award funds for the provision of pre-employment transition services authorized in section 113 of the Act, as amended by WIOA, and §361.48(a) of the VR regulations. Federal VR expenditures that are reportable and can be incurred with funds reserved under section 110(d)(1) of the Act, as amended by WIOA, for the provision of pre-employment transition services include:

- The five required activities, described in section 113(b) of the Act, as amended by WIOA, and §361.48(a)(2) of the VR regulations;
- Authorized activities described in section 113(c) of the Act, as amended by WIOA, and §361.48(a)(3) of the VR regulations; and
- Pre-employment transition coordination activities described in section 113(d) of the Act, as amended by WIOA, and §361.48(a)(4) of the VR regulations.

States must ensure that methods of administration are established to ensure accurate data collection and fiscal accountability as required in §361.12 so that Federal VR funds reserved for the provision of pre-employment transition services are only spent on the allowable services identified in section 113 of the Act, as amended by WIOA, and §361.48(a) of the VR regulations. The Uniform Guidance at 2 CFR 200.402(a) (formerly 34 CFR 80.20(a) of the Education Department General Administrative Regulations) requires States to develop financial management systems that permit the preparation of reports and the tracing of funds to a level of expenditure adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. As part of the VR allotment, funds reserved for the provision of pre-employment transition services have the same match requirement as all Federal VR funds, per §361.60 of the VR regulations. States are permitted to carry over any unobligated Federal VR funds reserved for the provision of pre-employment transition services so long as they have met the requisite matching requirement for those funds by the end of the year of appropriation, in accordance with section 19 of the Act, as amended by WIOA, and §361.64 of the VR regulations. In addition, States are not permitted to use funds reserved under section 110(d)(1) of the Act, as amended by WIOA, to pay agency administrative costs associated with the provision of pre-employment transition services or for providing any other VR services (see section 110(d)(2) of the Act, as amended by WIOA, and §361.65(a)(3)(ii)(B) of the implementing regulations). Note that RSA will not require grantees to

extract administrative costs that exist within pre-employment transition services contracts from contract costs when reporting the cost of the contract as pre-employment transition service expenditures.

Since the funds reserved for the provision of pre-employment transition services are part of the VR allotment, the non-Federal share (matching) requirements are the same as those for all VR grant funds. While on site, DRS demonstrated its use of accumulation codes and business rules built into its financial management system that continuously track the agency's required non-Federal share of expenditures, as well as its reservation and expenditure of pre-employment transition services funds. DRS considers pre-employment transition services a separate cost objective to differentiate these services from other VR services. DRS accounts for adjustments to the State VR allotment, including continuing resolutions, maintenance of effort penalties, and any increase or decrease to the allotment resulting from the reallocation process to ensure compliance with the reserve requirement. The agency does not report any non-Federal share as reserve in line 12b of the VR Federal Financial Report (SF-425).

While DRS fiscal staff described policies and demonstrated procedures they use to manage the obligation and drawdown of Federal funds and to report agency expenditures in SF-425 reports, DRS was unable to provide such policies and procedures in written form. For example, DRS staff noted that they regularly monitor financial management systems by running reports to determine whether levels of reserve, non-Federal share, program income, and available Federal funds are on target to meet projections and program requirements; however, staff did not have updated written policy, such as a fiscal procedures manual, identifying schedules for such monitoring or action steps to resolve variances in the event that expenditures do not meet projections.

DRS provides pre-employment transition services in three ways: directly to students with disabilities through its VR counselors; as contracted services provided by CRPs; and through third-party cooperative arrangements. Contracted services take both the form of flat fee-for-service arrangements and arrangements that include budgets with itemized services. In addition to the Federal VR funds, DRS staff identified State funding for State-operated schools, which specialize in pre-vocational education for students with disabilities, as an additional funding source for pre-employment transition services. DRS has not yet reported these funds as non-Federal share for the VR program. DRS reported that it receives State appropriations to fund these State-operated schools and sought guidance from RSA on the allowability of reporting expenditures for these schools as a non-Federal share for the VR program now that WIOA includes pre-employment transition services as allowable VR services. This report will address this topic later in this section under the heading "TA Provided."

An analysis of the final SF-425 Federal Financial Report (FFR) for the agency's most recently completed Federal VR award (FFY 2015) shows that the agency reported having expended 11.52 percent of its Federal VR allotment on pre-employment transition services. During on-site discussions, DRS staff acknowledged that the agency fell short of meeting the requirement to reserve and expend 15 percent of its Federal allotment for pre-employment transition services.

While DRS did not meet its reserve requirement for the FFY 2015 VR award, it has taken steps to better ensure compliance for its FFY 2016 VR award. These steps include identification of additional opportunities to support pre-employment transition services with partner school districts throughout the State, including through its STEP program, which DRS coordinates through contractual agreements and third-party cooperative arrangements between DRS and LEAs. In addition, DRS communicated it will be expanding the provision of pre-employment transition services to students with disabilities who are potentially eligible, as well as other VR services, including work experiences for youth with disabilities who have exited from school, through its business engagement strategy and partnership with workforce entities. DRS also intends to begin providing “authorized” pre-employment transition activities pursuant to section 113(c) of the Act in an effort to meet its reserve requirement. DRS staff indicated that they believe these additional planned initiatives will enable the agency to meet its reserve requirement in the next FFY.

DRS staff described a comprehensive system of internal control for oversight of its contractual and third-party cooperative agreements, including processes whereby DRS verifies documentation, including the certification of time spent by transition specialists on the provision of pre-employment transition services under third-party cooperative arrangements, and to track pre-employment transition service expenditures for students with disabilities. For example, contracts specify which services meet the reserve requirement. In another example, third-party cooperative arrangements identify, for each cooperating agency, the amount of certified expenditures the cooperating agency must contribute as match and the amount of funds paid from the Federal award that DRS reports as meeting the reserve.

In instances where an individual may be receiving other VR services, in addition to pre-employment transition services, DRS includes a quarterly reconciliation process to ensure only appropriate expenditures are included and reported as being paid with funds reserved for the provision of pre-employment transition services. Through this process, DRS also ensures agency administrative costs associated with the provision of pre-employment transition services are not paid for with the funds reserved for the provision of pre-employment transition services.

Third-party cooperating agencies (e.g., LEAs) do not provide non-Federal share to DRS in cash. However, DRS ensures that only certified personnel expenditures or other direct expenditures incurred under the cooperative arrangement are reported as an allowable source of match, in accordance with §361.28(c)(3) of the VR regulations, through a quarterly reconciliation process that includes match reporting.

As mentioned above, DRS developed the STEP manual with contributions from school partners serving on the Statewide STEP Advisory Council, issued on August 25, 2015. However, DRS does not have policies specific to the statewide provision of pre-employment transition services in collaboration with LEAs to students with disabilities who are eligible or potentially eligible for VR services in the IAC.

DRS did not request additional TA related to the fiscal requirements related to the provision of pre-employment transition services.

TA Provided:

- RSA and DRS reviewed State funding received by DRS for State-operated schools that specialize in pre-vocational education for students with disabilities as an additional funding source it uses to fund pre-employment transition services, but has not yet reported as non-Federal share for the VR program. DRS staff indicated that these schools are funded through State appropriation to DRS, but that unallowable VR costs such as transportation are paid by individual school districts. Prior to WIOA amendments to the Act, DRS was unable to report these costs as non-Federal share when reporting VR expenditures in FFRs, however in the future DRS intends to report allowable non-Federal share generated by State appropriation for pre-vocational education as non-Federal share for the VR award. DRS clarified that it will not include costs it reports as non-Federal share from this activity as reserve on line 12b of the VR SF-425 report.
- RSA reviewed RSA-TAC-11-02, Sources of Non-Federal Share for the Vocational Rehabilitation Program with DRS to clarify that State-appropriated funds can be used to support the full range of costs associated with the administration and operation of the VR program and that VR agencies can use such funds in a highly flexible manner, directing them toward an area of need at any point in time. RSA clarified that DRS must identify the specific need it has for using VR funds to support these State-operated schools within the VR program before reporting associated costs as non-Federal share applicable to the VR program. Such need must be determined through a CSNA and identified in the State Plan prior to reporting non-Federal share for these purposes. RSA further clarified that prior to reporting the expenditures as non-Federal share, DRS must satisfy the requirement for statewideness in §361.25.
- As noted above, RSA reviewed STEP programming which provides opportunities for students with disabilities to receive not only pre-employment transition services, but also individualized support services (e.g., job coaching, transportation, and assessments). To ensure compliance with Federal and program requirements, RSA recommended that DRS update its third-party cooperative arrangements, contractual agreements, and financial management systems with language and processes to ensure that only expenditures for the provision of pre-employment transition services are reported on line 12b of SF-425 reports for purposes of using the funds reserved for the provision of pre-employment transition services.
- RSA provided guidance and technical assistance to DRS related to its use of random time sample studies as the method of internal control established to track agency personnel time, ensuring that only expenditures for VR agency personnel time spent on the provision of pre-employment transition services to students with disabilities is reported as such in FFRs. When asked about the validity of using this methodology to accurately assign actual staff time worked to the appropriate cost center, DRS responded that it is the same tracking system it has used historically, it is consistent with State standards for personnel activity reporting, and it has been approved by the cognizant agency responsible for DRS' indirect cost rate agreement review and approval. While RSA recognizes such time study systems may be satisfactory for many programs, it is important for DRS to understand that in monitoring DRS, RSA may independently seek to determine the reliability of the time study system DRS has chosen to determine personnel cost allocation, based on actual time worked.
- RSA recommended that DRS develop written policies and procedures for reporting pre-employment transition services expenditures in line 12b of the VR SF-425 report, such as

a financial management procedures manual, that specifies schedules for monitoring DRS financial management system data, with action steps to resolve variances should expected levels of expenditure fall off target. The written policy should also identify the DRS entity or personnel responsible for reporting and submitting SF-425 reports, describe the process in place to gather the pre-employment transition services expenditure data to be reported, and establish review processes for DRS to use in reviewing SF-425 report data (including pre-employment transition services expenditure data) prior to submission to ensure accuracy. RSA further clarified that the policy should include all of the procedures DRS uses to ensure administrative costs are paid for with VR funds not reserved for the provision of pre-employment transition services.

V. The State Supported Employment Services Program

A. General

The State Supported Employment Services program (Supported Employment program), authorized under title VI of the Act, as amended by WIOA, provides grants to assist States in developing and implementing collaborative programs with appropriate entities to provide programs of supported employment services for individuals with the most significant disabilities, including youth with the most significant disabilities, to enable them to achieve a supported employment outcome in competitive integrated employment.

WIOA made several significant changes to title VI of the Act, which governs the State Supported Employment program. All of the amendments to title VI are consistent with those made throughout the Act, namely to maximize the potential of individuals with disabilities, especially those individuals with the most significant disabilities, to achieve competitive integrated employment and to expand services for youth with the most significant disabilities.

Through the implementation of this focus area, RSA provided technical assistance to DRS in both program specific and fiscal accountability areas related to the Supported Employment program. Program specific technical assistance refers to the Act and to VR and Supported Employment program implementing regulations at 34 CFR part 361 and 34 CFR part 363, respectively.

B. Technical Assistance Topics

During the course of the on-site visit, the TA team identified and discussed the following topics related to supported employment services.

1. Extended Time Frame for Provision of Supported Employment Services

Section 7(39) (C) of the Act, as amended by WIOA, extends the time frame for the provision of supported employment services by the VR agency from 18 months to no longer than 24 months, unless under special circumstances the eligible individual and the VR counselor jointly agree to extend the time to achieve the employment outcome identified in the IPE. The extension provides additional time for individuals with the most significant disabilities to receive services and supports necessary after placement to achieve an employment outcome in supported

employment, either in competitive integrated employment or working on a short-term basis to achieve competitive integrated employment.

While on-site, RSA provided technical assistance related to the significant changes to the Supported Employment program resulting from the WIOA amendments to the Act. RSA and DRS reviewed the agency's policies and procedures related to the provision of supported employment in 89 IAC 521, 89 IAC 590.800 sub part M, as well as Policy Directive VR-008: Supported Employment Services to determine the policy revisions necessary to address the new requirements under the Act, specific to the Supported Employment program, and ensure that the VR agency's supported employment policies and procedures incorporate and implement all new requirements under the Act, as amended by WIOA.

DRS and RSA reviewed and discussed RSA-911 performance data related to the number and percentage of individuals with the most significant disabilities receiving supported employment services and achieving supported employment outcomes, as well as the average length of time that supported employment services are provided. Of the 5,923 individuals who achieved employment and whose cases were closed in FY 2015, 450 individuals achieved employment with supports. As such, supported employment outcomes represented 7.6 percent of all employment outcomes. Furthermore, 407 of the 450 individuals who achieved supported employment were competitively employed earning an average of \$9.18 per hour and working an average of 21.69 hours per week. In FY 2015, the average length of time from the receipt of services under an IPE to closure for individuals with most significant disabilities who achieved supported employment and competitive supported employment was almost two years, or 24 months, without much differentiation.

DRS provides supported employment services to individuals with the most significant disabilities who are eligible for the VR program and have not worked or worked only intermittently due to the nature and severity of the individual's disability, and who are in need of intensive supported employment services in order to perform their assigned job tasks and duties. DRS utilizes a comprehensive assessment to determine the rehabilitation needs of an individual seeking supported employment as his or her vocational goal.

During the on-site supported employment sessions, DRS' VR counselors reported that supported employment services are typically provided through agreements with CRPs that meet specific criteria established by DRS. These supported employment services typically include vocational assessment; job skills training at the work site; job search, development and placement services; job coaching services; social skills training and the facilitation of natural supports at the work site. Supported employment services are based on a determination of the needs of an eligible individual, as specified in an IPE. DRS clarified that job search, development and placement services were provided prior to the achievement of employment using funds from titles I and VI of the Act, as amended by WIOA.

At the time of the TA visit, DRS' supported employment policy in 89 IAC 521, 89 IAC 590.800 sub part M and Policy Directive VR-008: Supported Employment had not been revised to reflect the extended timeframe for the provision of supported employment in accordance with the Act, as amended by WIOA. DRS communicated it will be revising its policies, including the IAC to incorporate extending the time frame for the provision of supported employment services from

18 months to 24 months, as required in the definition of “supported employment services” in accordance with section 7(39)(C) of the Act, as amended by WIOA, and §361.5(c) (54) (iii) of the VR regulations and §363.50(b) (1) of the Supported Employment program regulations.

DRS did not express any training and/or technical assistance needs or concerns pertaining to the extended time frame for the provision of supported employment services.

TA Provided:

- RSA provided technical assistance related to the revised definition of “supported employment services” consistent with section 7(39) of the Act, as amended by WIOA, and §361.5(c) (54) of the VR regulations, including the extension of the allowable timeframe for the provision of these services from 18 months to 24 months. RSA clarified that this timeframe may be extended under special circumstances if the individual and VR counselor jointly agree to extend it in order to achieve the employment outcome identified in the IPE.
- RSA clarified that supported employment services may only be provided after an individual is placed in supported employment. The extension of time for the provision of supported employment services allows additional time for individuals with the most significant disabilities to receive services and supports necessary after the individual has obtained a placement either in competitive integrated employment or working on a short-term basis towards competitive integrated employment.
- RSA clarified that supported employment may include customized employment. Section 7(39) of the Act, as amended by WIOA indicates that supported employment services are “ongoing support services”, including customized employment, needed to support and maintain an individual with a most significant disability in supported employment.
- RSA provided technical assistance to DRS regarding the issuance of a PD in the interim of IAC amendments and revisions to its supported employment services contracts to incorporate extending the time frame for the provision of supported employment services from 18 months to 24 months, as required in the definition of “supported employment services” in section 7(39)(C) of the Act, as amended by WIOA, and §361.5(c)(54)(iii) of the VR program regulations and §363.50(b)(1) of the Supported Employment program regulations.

2. Competitive Integrated Employment and Short-Term Basis

Section 7(38) of the Act, as amended by WIOA, and §363.1 of the Supported Employment program regulations require that supported employment be in competitive integrated employment or, at least in an integrated setting in which the individual is working toward competitive integrated employment on a short-term basis. Short-term basis is described in §363.1(c) of the Supported Employment program regulations as follows:

Short-term Basis. For purposes of part 363, an individual with a most significant disability, whose supported employment in an integrated setting does not satisfy the criteria of competitive integrated employment, as defined in §361.5(c)(9) of the VR regulations, is considered to be working on a short-term basis toward competitive

integrated employment so long as the individual can reasonably anticipate achieving competitive integrated employment—

- (1) Within six months of achieving a supported employment outcome; or
- (2) In limited circumstances, within a period not to exceed 12 months from the achievement of the supported employment outcome, if a longer period is necessary based on the needs of the individual, and the individual has demonstrated progress toward competitive earnings based on information contained in the service record.

The six-month short-term basis period, and the additional six months that may be available in limited circumstances, begins after an individual has completed up to 24 months of supported employment services (unless a longer period of time is necessary based upon the individual's needs) and the individual has achieved a supported employment outcome, meaning that the individual is stable in the supported employment placement for a minimum period of 90 days following the transition to extended services.

As stated in the previous section, RSA and DRS reviewed the agency's policies and RSA-911 data related to the provision of supported employment services and the achievement of supported employment outcomes to ensure that DRS' policies and procedures incorporated and implemented all new requirements under the Act, as amended by WIOA.

During the on-site session specific to individuals in subminimum wage working on a short-term basis towards a competitive wage, DRS communicated that it had not revised PD VR-008: Supported Employment services or policies in 89 IAC 521 or 590.800 to reflect the new option for individuals in receipt of supported employment services to be working towards competitive employment under section 7(38) of the Act, as amended by WIOA, and §363.1(c) of the Supported Employment program regulations. Similarly, prior to the on-site visit, DRS did not have the opportunity to develop procedures for tracking the short-term basis period. At the time of the on-site TA visit, PD VR-008 and 89 IAC 521 required that individuals with most significant disabilities who were seeking supported employment services obtain and maintain competitive employment with ongoing support services. As such, DRS communicated that its priority remains supporting individuals in achieving competitive integrated employment.

DRS emphasized that the majority of individuals who achieved supported employment outcomes in FY 2015 were in competitive employment. Based upon this data, and the extension of the time frame for the provision of supported employment services, DRS anticipates using the short-term basis option in very limited circumstances.

DRS communicated it will be revising its PD and the IAC to incorporate competitive integrated employment and short-term basis requirements into its policies governing the provision of supported employment services. DRS is also currently developing procedures for tracking the short-term basis period.

DRS did not express any further training and/or technical assistance needs regarding the short-term basis requirement.

TA Provided:

- RSA reviewed and provided technical assistance regarding the new requirements in section 7(38) of the Act, as amended by WIOA, §361.5(c)(53) of the VR regulations and §363.1(c) of the Supported Employment program regulations. RSA clarified that the revised definition of “supported employment” includes competitive integrated employment and customized employment, and requires that an individual, who is employed in an integrated setting, but not in competitive integrated employment, must be working toward such an outcome on a short-term basis for such work to qualify as supported employment.
- RSA provided technical assistance to DRS regarding the issuance of a PD in the interim of IAC amendments and development of procedures for tracking short-term basis and revising its supported employment contracts to incorporate competitive integrated employment and short-term basis into the provision of supported employment services.
- RSA clarified that in limited circumstances, individuals in supported employment may not have achieved employment that satisfies all the criteria of “competitive integrated employment” since it is permissible for individuals to be earning non-competitive wages on a short-term basis. This very narrow exception is the only instance in which the statute permits that all criteria of “competitive integrated employment” need not be satisfied for an individual to achieve an employment outcome. However, even under this narrow exception, the expectation is that, after a short period of time, the individual will achieve competitive integrated employment in supported employment.
- RSA recommended DRS develop strategies to determine and document justification of the need to extend the short-term basis period.
- RSA clarified that despite the payment of competitive wages, employment in a non-integrated work setting does not meet the requirement under the Act for an employment outcome in supported employment.

3. Extended Services for Youth with the Most Significant Disabilities

Under WIOA, VR agencies may use Supported Employment program or VR funds to provide extended services only to youth with the most significant disabilities—not to individuals with the most significant disabilities who are not youth.

Prior to the passage of WIOA, VR agencies were not permitted to expend supported employment or VR program funds for extended services. Section 604(b)(2) of the Act, as amended by WIOA, mandates that the VR agency make available extended services for youth with the most significant disabilities for a period not to exceed four years. As such, §363.4(a)(2) of the supported employment regulations clarifies that extended services may be provided for a period of up to four years or until such time that a youth reaches the age of 25 and no longer meets the definition of a “youth with a disability” under §361.5(c)(58) of the VR regulations, whichever occurs first. The Act defines “youth with a disability” in section 7(42) of the Act as an individual with a disability who is not younger than 14 years of age, and not older than 24 years of age.

This new requirement is contained in the definition of “extended services” in §361.5(c)(19)(v) of the VR regulations and is an authorized service in in §363.4(a)(2) of the supported employment

regulations until such time that a youth reaches the age of 25 and no longer meets the definition of a youth with a disability under §361.5(c)(58) of the VR regulations, or has received up to four years of extended services provided by the VR agency, whichever occurs first. Although the VR agency must discontinue funding extended services once a youth reaches age 25 or has received up to four years of extended services provided by the VR agency, it should explore the availability of funding from other sources.

While on-site, RSA and DRS reviewed policies related to the provision of supported employment services and extended services, RSA-911 data describing the provision of supported employment services, SF-425 for the Supported Employment program and supported employment contracts.

DRS communicated that it had not received State appropriated funds to provide extended services to individuals with disabilities for the last five years. As such, extended services have been provided by the Divisions of Mental Health and Developmental Disabilities, counties that receive local funding for disability services (e.g., Champagne and Dupage), private non-profit organizations and extended service providers. Traditionally, extended services have been provided as ongoing support to support and maintain supported employment.

DRS stated that it determines the need for and funds supported employment services on a case-by-case basis dependent upon individual need. In light of the responsibility to make funds available for extended services for youth with the most significant disabilities, DRS will continue to explore the availability of funding from other sources, as is done for other individuals with the most significant disabilities transitioning from supported employment services to extended services.

At the time of the TA visit, 89 IAC 590.870 and 590.880 contained policies specific to the transition to extended services and the purpose and types of extended services for all individuals in need of extended services (effective April 13, 2012). RSA and DRS discussed the need to revise these policies to ensure extended services are only available to youth with the most significant disabilities using VR or Supported Employment program funds for a period not to exceed four years, for those individuals who are not younger than 14 years of age, and not older than 24 years of age. RSA clarified that once an individual is 25 years of age or has received extended services for four years, whichever occurs first, he or she is no longer eligible to receive extended service through the VR or Supported Employment programs. DRS communicated it will revise 89 IAC 590.870 and 590.880 to include the provision of extended services to youth with the most significant disabilities consistent with these Federal requirements.

DRS did not express any training and/or technical assistance needs pertaining to the implementation of extended services for youth with the most significant disabilities funded by the VR and Supported Employment programs.

TA Provided:

- RSA recommended that DRS continue to explore the availability of funding from other sources, as is done for other individuals with the most significant disabilities transitioning from supported employment services to extended services.

- RSA recommended that DRS develop a detailed policy specifying conditions that must be met before it can assist an individual in transitioning to extended services, such as ensuring the individual is engaged in supported employment that is in competitive integrated employment, or in an integrated work setting in which the individual is working on a short-term basis toward competitive integrated employment, and the employment is customized for the individual consistent with his or her strengths, abilities, interests, and informed choice.
- RSA provided technical assistance to DRS regarding the issuance of a PD to clarify the requirement that extended services be made available to youth with the most significant disabilities in accordance with sections 7(42) and 604(b)(2) of the Act. RSA also clarified that once an individual turns 25 years of age, he or she no longer meets the definition of a “youth with a disability” pursuant to §361.5(c)(58) of the VR regulations and is no longer eligible to receive extended services from the VR agency.
- RSA provided TA to DRS regarding the issuance of a PD in the interim of IAC amendments and revisions to its supported employment contracts to incorporate the requirements of section 603(d) of the Act and §363.22 of the supported employment regulations, which requires each State to reserve and expend 50 percent of its allotment under the Supported Employment program to provide supported employment services, including extended services, to youth with the most significant disabilities.
- RSA recommended that DRS implement internal controls to account for the Federal supported employment funds it reserves for the provision of supported employment services, including extended services, to youth with the most significant disabilities. Because section 603(d) of the Act is clear that the State must reserve and use 50 percent of its total supported employment allotment for a specific purpose (supported employment services, including extended services) that benefit a specific population (youth with the most significant disabilities), it will be critical that the VR agency implement internal controls that ensure proper data collection and financial accountability of these reserved funds. Such controls would ensure the accurate completion of all required forms, including financial reports that show the reservation and use of these funds for this purpose and for this population.
- RSA clarified that DRS may not provide extended services to a youth with the most significant disabilities who has not received services from DRS through an IPE simply because he or she meets the definition of a “youth with a disability,” and is in need of extended services. RSA further clarified that in order to be eligible for supported employment services, including extended services, a youth must meet the requirements of section 605 of the Act and §363.3 of the supported employment regulations, which include being determined eligible for VR services.

4. Transitional Employment

The WIOA amendments removed transitional employment from the Act, thus the term has been removed in the VR regulations, both as a separate definition and from the definitions of “supported employment” and “ongoing support services” in §§361.5(c)(53) and 361.5(c)(37) of the VR regulations, respectively.

However, transitional employment may be provided as a VR service that can lead to an

employment outcome, but does not constitute a supported employment outcome in accordance with the definition of “supported employment” in §361.5(c)(53) of the VR regulations and §363.1(b) and (c) of the Supported Employment program regulations. RSA clarified that transitional employment is not appropriate for employment on a short-term basis and is not considered an employment outcome.

RSA provided an overview of changes made to transitional employment, as it pertains to the Supported Employment program. This overview included clarifying that transitional employment may be provided as a VR service that can lead to an employment outcome, but does not constitute a supported employment outcome.

DRS indicated that the removal of transitional employment had no significant impact on its Supported Employment program or outcomes, as it did not use transitional employment. Rather, DRS has been using the individual placement services (IPS) model. DRS is aware that transitional employment may continue to be offered as a VR service leading to competitive integrated employment.

DRS staff did not express any TA needs associated with transitional employment.

TA Provided:

- RSA provided an overview of changes in transitional employment requirements. RSA clarified that transitional employment may be provided as a VR service that can lead to an employment outcome, but does not constitute a supported employment outcome within the meaning of the definition of “supported employment” in § 361.5(c)(53) of the VR regulations and §363.1(b) and (c) of the Supported Employment program regulations.
- RSA clarified that transitional employment would not be an appropriate placement for employment on a short-term basis or as an employment outcome.

5. Requirements for an Employment Outcome in Supported Employment

The four requirements that must be satisfied for a supported employment outcome, consistent with the statutory definition of “employment outcome” in 7(11) of the Act are set forth in §363.54 of the Supported Employment program regulations. First, the individual must have completed supported employment services, which may be received for up to 24 months, or longer if the counselor and the individual have determined that such services are needed to support and maintain the individual in supported employment. Any other VR services listed on the IPE provided to individuals who are working on a short-term basis toward the achievement of competitive integrated employment in supported employment need not be completed prior to satisfying the achievement of an employment outcome. Second, the individual has transitioned to extended services provided either by the VR agency for youth with the most significant disabilities, or another provider, consistent with the provisions of §§363.4(a)(2) and 363.22 in the Supported Employment program regulations. Third, the individual has maintained employment and achieved stability in the work setting for a minimum of 90 days after transitioning to extended services and, finally, the employment must be individualized and customized consistent with the strengths, abilities, interests, and informed choice of the

individual.

While on-site, RSA provided an overview of and clarification related to the four requirements that must be satisfied in order for an individual to achieve a supported employment outcome in §363.54 of the Supported Employment program regulations. At the time of the on-site TA visit, 89 IAC 521, 89 IAC 590.800, and PD VR-008 had not been revised to incorporate these requirements for an employment outcome in supported employment.

DRS did not express any training and/or technical assistance needs pertaining to the requirements for an employment outcome in supported employment.

TA Provided:

- RSA provided technical assistance to DRS regarding the issuance of a PD and revisions to the IAC to include the four requirements that must be satisfied for the achievement of a supported employment outcome in §363.54 of the Supported Employment program regulations.

6. Closure of the Supported Employment Service Record

Title VI of the Act and §363.55 of the Supported Employment program regulations, address when the service record of an individual who has achieved an employment outcome in supported employment may be closed. Separate requirements are specified for different scenarios, depending on whether individuals with the most significant disabilities, including youth with the most significant disabilities, achieve competitive integrated employment or work toward competitive integrated employment on a short-term basis and whether they are receiving extended services and any other VR services from the VR agency or from other service providers.

The service record for an individual with a most significant disability, including a youth with a most significant disability, who has achieved an employment outcome in supported employment in competitive integrated employment is closed at the time the individual achieves the employment outcome and has satisfied the requirements for case closure in §361.56 of the VR regulations; and is not receiving extended services or any other VR service provided by the VR agency with funds under the VR or the Supported Employment programs.

The service record of an individual with a most significant disability, including a youth with a most significant disability who is working toward competitive integrated employment on a short-term basis and is receiving extended services from funds other than those allotted under the VR or Supported Employment programs will be closed when the individual achieves competitive integrated employment within the short-term basis period established pursuant to §363.1(c); the individual satisfies requirements for case closure in §361.56 of the VR regulation; and is no longer receiving VR services provided by the VR agency with funds under the VR regulations in 34 CFR part 361. If an individual does not achieve competitive integrated employment within the short-term basis period, the service record will be closed.

The service record of a youth with a most significant disability who is receiving extended

services provided by the VR agency from funds under the Supported Employment program or the VR program will be closed when the youth achieves an employment outcome in supported employment in competitive integrated employment without entering the short-term basis period, and is no longer eligible to receive extended services provided by the VR agency with funds allotted under the Supported Employment program or the VR program because the individual no longer meets age requirements established in the definition of a youth with a disability pursuant to §361.5(c)(58) of the VR regulations; or has received extended services for a period of four years, or has transitioned to extended services provided with funds other than those allotted under the supported employment program or the VR program prior to meeting the age or time restrictions. Additionally, the requirements for case closure in §361.56 of the VR regulation must be satisfied, and the individual may no longer be receiving any other VR service from the VR agency provided with title I funds.

The service record of a youth with a most significant disability who is working toward competitive integrated employment on a short-term basis will be closed when the individual achieves competitive integrated employment within the short-term basis period and is no longer eligible to receive extended services provided by the VR agency with funds allotted under the Supported Employment program or the VR program because the individual no longer meets age requirements established in the definition of a “youth with a disability,” or has received extended services for a period of four years, or has transitioned to extended services provided with funds other than those allotted under the VR or Supported Employment programs prior to meeting the age or time restrictions. Additionally, the requirements for case closure in §361.56 of the VR regulations must be satisfied. If a youth does not achieve competitive integrated employment within the short-term basis period, the service record will be closed.

While on-site, RSA provided an overview of and clarification related to the requirements under title VI of the Act and §363.55 of the Supported Employment program regulations, that address when the service record of an individual who has achieved an employment outcome in supported employment may be closed.

At the time of the TA visit, DRS’ policies and administrative code had not been revised to include the requirements related to when the service record of an individual who has achieved an employment outcome in supported employment may be closed. DRS communicated it will be issuing a PD to include the potential employment scenarios and examples of when VR counselors may close a case. DRS did not express any further technical assistance needs pertaining to closure of the supported employment record.

TA Provided:

- RSA provided clarification as to when the service record of an individual who has achieved a supported employment outcome may be closed in accordance with title VI of the Act and §363.55 of the Supported Employment program regulations, as well as the requirements under title I of the Act and §361.56 of the VR regulations.
- RSA provided technical assistance to DRS regarding the issuance of a PD in the interim of IAC amendments and revisions to the IAC to incorporate the requirements for closure of the service record of an individual who has achieved an employment outcome in

supported employment in accordance with §363.55 of the Supported Employment program regulations, as well as §361.56 of the VR regulations.

7. Fiscal Elements for the Provision of State Supported Employment Services

Section 603(d) of the Act, as amended by WIOA, requires the State to reserve 50 percent of its Federal Supported Employment program allotment for the provision of supported employment services, including extended services, to youth with the most significant disabilities. The reserve will be affected by adjustments to a State's Federal allotment made throughout the year of appropriation, including continuing resolutions, reallotment, and any relinquishments or additions made to the Supported Employment program Federal allotment. As with all VR and Supported Employment program funds, States must implement processes necessary to ensure the proper accounting and reporting of expenditures, including those incurred with reserved funds, to ensure the funds spent were only for allowable and allocable purposes.

Section 606(b)(7)(I) of the Act, as amended by WIOA, and §363.23 of the Supported Employment program regulations require that States must provide non-Federal expenditures in an amount that is not less than 10 percent of total expenditures for youth with the most significant disabilities. Total expenditures means both the Federal reserve funds and the non-Federal share incurred for the provision of supported employment services, including extended services, to youth with the most significant disabilities. Since the required non-Federal share is only applicable to the 50 percent reserved funds for youth with the most significant disabilities, the non-Federal expenditures are required to be spent on supported employment services, including extended services, to youth with the most significant disabilities. However, the 10 percent non-Federal share cannot count toward meeting the reserve requirements, which apply only to Federal Supported Employment program award funds.

While on site, DRS fiscal staff described policies and demonstrated procedures they use to ensure DRS meets both the supported employment 50 percent reservation of funds requirement and the required 10 percent non-Federal share of Federal supported employment funds expended for reserve purposes. DRS explained that it has included measures to ensure it will meet its reserve requirement through contracting out all supported employment services with contractual provisions that ensure a majority of Federal supported employment funds are expended for allowable reserve activities. To ensure that DRS meets the required 10 percent non-Federal share requirement, DRS begins with the assumption that the agency will expend its entire Federal supported employment allotment. At the end of each State Fiscal Year (SFY), DRS analyzes the quality of services of its existing supported employment contracts serving youth with the most significant disabilities, and then obligates State appropriated funds available on or before the last day of the SFY to these contractors for three months of continued services, including extended services, to youth with the most significant disabilities. At the end of the FFY, DRS reconciles Federal and non-Federal expenditures to ensure the agency meets its non-Federal share requirement by September 30 of the year of appropriation.

DRS uses accumulation codes and business rules to continuously track separately the agency's Federal supported employment expenditures (not used to meet the reservation requirement), Federal supported employment expenditures (used to meet the reservation requirement), non-Federal share of expenditures (also used to meet the reservation requirement), and administrative

costs. DRS considers services to youth with the most significant disabilities as a separate cost objective to differentiate these services from other supported employment services. DRS accounts for adjustments to the State supported employment allotment, including continuing resolutions and any increase or decrease to the allotment to ensure compliance with the reserve requirement. Under section 606(b)(7)(H) of the Act, as amended by WIOA, and §363.51 of the Supported Employment program regulation, a State may not use more than 2.5 percent of its Supported Employment program allotment to pay for administrative costs. DRS noted that nothing prevents a State from using VR funds to pay for Supported Employment program administrative costs, and should administrative costs exceed the administrative cap of 2.5 percent, it will use funds from the VR program for supported employment administrative costs as it determines necessary and reasonable.

While DRS fiscal staff described policies and demonstrated procedures used to manage the obligation and drawdown of Federal funds and to report agency expenditures in SF-425 reports, DRS was unable to provide written documentation of these procedures. For example, DRS noted that it regularly monitors financial management systems by running reports to determine whether levels of reserve, non-Federal share, program income, and available Federal funds are on target to meet projections and program requirements. However, DRS did not have written fiscal policies, such as a fiscal procedures manual, identifying schedules for such monitoring or action steps to resolve variances in the event that expenditures do not meet projections.

VR agencies must ensure that Supported Employment program funds received under title VI of the Act, as amended by WIOA, and the implementing regulations in 34 CFR part 363 are expended solely on supported employment services provided after the individual is placed in employment. Supported employment services, defined in section 7(39) of the Act, as amended by WIOA, are those ongoing support services “needed to support and maintain an individual with a most significant disability in supported employment.” Expenditures for pre-placement services such as work adjustment training, job search, development, and placement, as well as all pre-placement VR services, including pre-employment transition services, cannot be allocated to the Supported Employment program. Rather, these, and all pre-placement VR services, including pre-employment transition services, must be paid for with VR funds until the individual obtains supported employment.

Beginning in FFY 2017, supported employment grantees will be required to submit completed SF-425 Federal Financial Reports on a semi-annual basis. Semi-annual reporting is necessary in order for RSA to effectively monitor the matching and reservation of funds requirements under the Act, as amended by WIOA. DRS fiscal staff indicated they are aware of the new reporting requirement and are prepared for it.

TA Provided:

- RSA clarified that VR agencies must ensure that Supported Employment program funds received under title VI of the Act, as amended by WIOA, and the implementing regulations in 34 CFR part 363 are expended solely on supported employment services provided after the individual has achieved employment in supported employment.
- RSA recommended that DRS review and update all supported employment contracts and revise them or add assurances to them as necessary to ensure funds reported as supported

employment services, defined in section 7(39) of the Act, as amended by WIOA, are only reported for those ongoing support services “needed to support and maintain an individual with a most significant disability in supported employment.” RSA provided technical assistance related to DRS’ use of staff identified random time sample studies as the method of internal control established to track agency personnel time. While RSA recognizes such time study systems may be satisfactory for many programs, it is important for DRS to understand that in monitoring DRS, RSA may independently seek to determine the reliability of the time study system DRS has chosen to determine personnel cost allocation, based on actual time worked.

- RSA provided guidance to DRS with respect to the development and implementation of written policies and procedures for reporting expenditures on SF-425 reports. Specifically, RSA recommended that DRS develop written policy for monitoring and reporting financial management system data, as relevant, which are described under the Pre-Employment Transition Services section of this report.

VI. Next Steps

A. General

As part of RSA’s follow-up activities to the technical assistance visit to DRS, RSA will continue to assist DRS to implement new policies and procedures required by the Act, as well as its implementing regulations, through further technical assistance and monitoring in accordance with section 107 of the Act.

B. Technical Assistance Needs

Additionally, RSA has, in consultation with DRS, identified the following technical assistance needs that were either not met during the on-site visit or are on-going . RSA will continue to provide technical assistance to DRS directly or by connecting the agency with TA resources.

1. Competitive Integrated Employment

DRS expressed several TA needs in relation to customized employment that were not able to be addressed until following the on-site visit. During the customized employment TA session with DRS staff and Medicaid waiver representatives, DRS sought information regarding the average amount of time a customer may expect to participate in the Discovery phase of customized employment services. RSA coordinated with the Discovery subject-matter experts at ODEP, who shared the data where, on average, a customer may spend 22.5 hours in the Discovery phase. Additional resources provided to DRS staff were ODEP’s Frequently Asked Questions (FAQ) on customized employment, the customized employment competency model , as well as their customized employment reference homepage.

Also, DRS staff expressed TA needs in customized employment in the form of examples, as well as ways to engage community employers. Following the customized employment session with DRS staff, RSA provided additional resources on the topic. For example, RSA staff provided DRS links to resources such as ExploreVR and The Lead Center, which both provide best practices in customized employment and specifically on employer engagement.

2. Pre-Employment Transition Services

On October 24, 2016, DRS shared a status update related to the finalization of the formal interagency agreement with ISBE. RSA emphasized the inclusion of new formal interagency agreement requirements in §§361.22(b)(5) and (b)(6) that the formal interagency agreement include: coordination necessary to satisfy documentation requirements set forth in 34 CFR part 397 with regard to students and youth with disabilities who are seeking subminimum wage employment, and an assurance that in accordance with §397.31, neither the SEA nor the LEA will enter into a contract or other arrangement with an entity, as defined in §397.5(d), for the purpose of operating a program under which a youth with a disability is engaged in work compensated at subminimum wage (see also sections 101(a)(11)(D) and 511 of the Act, as amended by WIOA).

On December 19, 2016, DRS submitted its formal interagency agreement with ISBE finalized on November 23, 2016, and signed by the State Superintendent of Education and the Secretary of the Illinois Department of Human Services.

3. Supported Employment Services and Outcomes

While on-site, DRS inquired whether a section 14(c) entity holding a special wage certificate that offers employment in an integrated work setting, where an individual interacts while performing their job duties with employees without disabilities in the work unit and entire employment site, could provide supported employment services; report the placement as a supported employment outcome; and provide VR services, while an individual is working toward competitive integrated employment on a short-term basis.

As discussed on-site, settings established by CRPs specifically for the purpose of employing individuals with disabilities are not integrated settings because they are not in the competitive labor market. These businesses typically consist of positions through JWOD contracts and operate under allowances under the FLSA for compensatory subminimum wage, and are considered not to be “typically found in the community.” However, if there is a section 14(c) entity that is willing to provide competitive earnings to the individual by the end of the short-term basis period, who also offers an integrated location and opportunities for advancement, the VR agency may fund supported employment services at the employment site provided by the section 14(c) entity, as well as other VR services necessary as the individual works towards a competitive wage.

RSA clarified on October 16, 2016, through an electronic communication that an individual should only be placed in supported employment at subminimum wage if there is a reasonable expectation that the individual can earn a competitive wage at the end of the short-term basis period, which may be 6 months to 12 months, depending upon the individual’s needs. Section 511 requirements under the Act, as amended by WIOA, will apply to someone who is employed earning subminimum wage at the time of VR application, as well as an individual placed in a supported employment outcome, who is earning subminimum wage on a short-term basis. RSA clarified that the intention of the short-term basis period is not to increase the number of individuals who achieve supported employment earning subminimum wage, but rather, to increase the opportunities for individuals to achieve employment earning competitive wages in

integrated settings with opportunities for advancement. Furthermore, if an individual is not making progress towards achieving competitive wages during the short-term basis, the case will need to be closed as an unsuccessful closure.

4. Section 511 Requirements

After the on-site TA visit, DRS received an inquiry from a CRP requesting clarification as to whether section 511 requirements under the Act are to be applied differently to in-school youth than out-of-school youth; an employer may fulfill peer mentoring obligations by providing information about on-line opportunities; youth are permitted to work in competitive employment one to two days per week and in subminimum wage the remainder of the week; and whether an employee has the right to decline career counseling. RSA provided DRS with an electronic response to the inquiry on October 6, 2016.

RSA clarified that section 511 provisions in the Act require that individuals of any age, including students and youth with disabilities, must satisfy certain service-related requirements prior to starting work at subminimum wage or in order to continue to work at subminimum wage. The VR agency and LEAs are required to document the provision of those requisite services, including the provision of pre-employment transition services under the VR program, or transition services under IDEA. However, the section 511 requirements related to the provision of pre-employment transition services do not alter the requirements under section 113 of the Act, as amended by WIOA. Specifically, pre-employment transition services are only available to students with disabilities, as defined in the Act under section 7(37) and 34 CFR 361.5(c)(51). The definitions of “student with a disability” and “youth with a disability” in section 7 of the Act apply throughout all sections of the Act. A youth with a disability is an individual with a disability aged 14 to 24 (see section 7(42) of the Act and 34 CFR 361.5(c)(58)). Some of these youth may satisfy the definition of a “student with a disability.” Those youth that meet the statutory and regulatory definition of “student with a disability,” may receive pre-employment transition services coordinated, arranged for or provided by the VR agency or the LEA; or transition services under the IDEA. If a youth with a disability is no longer in school and documentation of the participation in pre-employment transition services or transition services is not available, the out-of-school youth would have to complete certain service-related activities and produce documentation showing completion of an application for VR services; determination of ineligibility or eligibility; an approved IPE; working toward an employment outcome for a reasonable period of time with appropriate supports, without success; a closed VR service record and receipt of career counseling, and information and referral services.

With respect to employer-provided information about peer mentoring opportunities, RSA recommended that DRS and its providers collaborate with DOL’s Wage and Hour office in Chicago to determine if an employer may provide on-line information about peer mentoring opportunities to employees in rural areas in order to fulfill the obligation to provide this information. If an individual is employed by a section 14(c) entity that employs less than 15 employees, an individual referred to the VR agency must be informed of opportunities available in the community, including self-advocacy, self-determination, and peer mentoring training either by the VR agency, or through a provider contracted by the VR agency, such as a center for independent living. No entity holding a special wage certificate under section 14(c) may provide

the self-advocacy, self-determination or peer mentoring training opportunities.

RSA clarified that section 511 requirements under the Act would apply for an employer to continue employing an individual with a disability in subminimum wage. Specifically, 511 requirements would still apply to a youth who achieves competitive integrated employment and is concurrently working in employment paying subminimum wage during the same week. As such, for the portion of time during a week that a youth is working in subminimum wage, career counseling, information and referral service requirements will apply to that placement, even while a youth is working part-time in competitive integrated employment. Although career counseling doesn't require documentation as to whether or not a youth is successful in competitive integrated employment, it should include how to increase hours in competitive integrated employment. However, if a youth is working in competitive integrated employment two days a week, the VR agency would not be able to document that the youth has been unsuccessful in achieving competitive integrated employment so that the youth can pursue employment earning subminimum wages.

RSA further clarified that an employee has the right to decline career counseling and the VR agency must document that refusal. If a youth with a disability declines career counseling services, the refusal must be documented by the VR agency and provided to the youth with a disability within 10 days of the refusal. VR agencies should ensure that through informed consent the individual understands that his or her refusal may impact the ability to become or remain employed while earning subminimum wage. Under section 511 requirements in the Act, if an individual with a disability refuses career counseling services, the employer cannot hire or continue to employ an individual at subminimum wage. As such, the employer could not continue to pay subminimum wage if the individual was already placed in employment earning subminimum wage without documentation of the receipt of career counseling services. In order to comply with the requirements under FLSA and section 511 of the Act, the employer would have to pay the individual who refuses career counseling services minimum wage.

5. Fiscal Requirements

After the on-site visit, DRS inquired whether it is permissible for program income earned from Social Security reimbursements to be transferred to independent living programs. DRS requested that RSA verify if this option is no longer included in RSA's GAN because the independent living programs are no longer administered by RSA. RSA clarified on December 2, 2016, that the clause allowing program income earned from Social Security to be transferred to independent living programs is still effective.

C. Next Steps

1. Agency Next Steps: DRS should:

- Conduct case management system updates in order to report required data collected through the RSA-911 for PY 2017 beginning on July 1, 2017) and to capture data related to customers achieving competitive integrated employment (e.g., development of an edit check to verify and confirm whether the wage reported as the highest minimum wage available (Federal, State or local) for the geographic location of the employer in order to

determine if an individual is receiving at least minimum wage); receiving pre-employment transition services (e.g., including individuals who are potentially eligible for VR services); receiving supported employment services; who have achieved a

supported employment outcome; and who have completed services and whose case record can be closed.

- Revise its policies regarding employment outcomes, including but not limited to the existing rules in the IAC specific to competitive integrated employment, self-employment and uncompensated employment outcomes (i.e., homemakers) in 89 IAC 595.50; the policies and procedures in the Bureau of Blind Service's Operations Manual related to homemakers and exceptions to Federal and State law; and rules in 89 IAC 595.40 specific to case closure for individuals who have achieved an employment outcome in accordance with sections 7(5) 7(11) and 102(b)(4)(A) of the Act, as amended by WIOA, and §§361.5(c)(9), 361.5(c)(15) and 361.46(a) of the VR regulations. DRS will also need to develop policies governing customized employment in accordance with sections 7(7) and 7(11) of the Act, as amended by WIOA, and §361.5(c)(15) of the VR regulations.
- Issue PDs and guidance to staff, in the interim of the codification of the necessary amendments to the IAC, regarding the new requirements related to competitive integrated employment, self-employment and the elimination of uncompensated outcomes
- Conduct a CSNA in accordance with section 101(a)(15) of the Act and §361.29(a) of the VR regulations that includes the assessment and determination of the needs of students and youth with disabilities, including their need for pre-employment transition services and other transition services, as applicable; and the extent to which such services are coordinated with transition services provided by LEAs under IDEA.
- Develop policies and procedures related to provision of pre-employment transition services (i.e., required, authorized and pre-employment transition coordination activities) to all students with disabilities, Statewide, and the expansion of required activities to serve students with disabilities who are potentially eligible for VR services in accordance with section 113 of the Act, as amended by WIOA, and §361.48(a) of the VR regulations.
- Revise STEP third-party cooperative arrangements and contracts to ensure that funds reserved for the provision of pre-employment transition services, as described in section 113 of the Act, as amended by WIOA, are not used for the provision of additional STEP services outside the scope of pre-employment transition services, including individualized support services (e.g., job coaching and transportation).
- Provide training to VR and LEA staff on the formal interagency agreement with ISBE and requirements in section 101(a)(11)(D) of the Act and §361.22(b) of the VR regulations.
- Revise its order of selection policy, including amending 89 IAC 553.130 and 553.140 to align with the policies and procedures reported in the VR services portion of the PY 2016 Unified State Plan and section 101(a)(5) of the Act, as amended by WIOA, and §§361.5(c)(29), 361.5(c)(30), §361.36(d) and (e)(3)(A) of the VR regulations.
- Revise rules in 89 IAC 521 and 590.800 Subpart M, and PD-VR-008: Supported Employment Services to include requirements related to: the extension of time for the provision of supported employment services after job placement from 18 months to 24 months, in accordance with section 7(39)(C) of the Act, as amended by WIOA, and §361.5(c)(54)(iii) of the VR regulations and §363.50(b)(1) of the Supported Employment

program regulations; working towards competitive employment in an integrated setting on a short-term basis pursuant to section 7(38) of the Act, as amended by WIOA, and §363.1 of the supported employment regulations; the four requirements for the achievement of a supported employment outcome in §363.54 of the VR regulations ; requirements for case closure and exiting the VR program in §363.55 of the supported employment regulations; and the coordination and funding of extended services for youth with disabilities pursuant to section 604(b)(2) of the Act, as amended by WIOA, and §361.5(19)(v) of the VR regulations and §363.4(a)(2) of the supported employment regulations.

- Establish procedures for gathering supporting documentation for the reservation and expenditure of pre-employment transition services and supported employment funds.
- Develop written policies and procedures for the completion of financial reports and tracking of expenditures for both pre-employment transition services and supported employment services.

2. RSA Next Steps

RSA will continue to provide TA and guidance to DRS, as needed.