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VRTAC-QM

Pre-Employment Transition Services Program Planning & Set-Aside Determination

Developed by the NTACT:C and the VRTAC-QM

Disclaimer

This content was developed by the VRTAC-QM, a project funded under #H264J200002 and the NTACT:C, a project funded under #H326E200003, of the U.S. Department of Education (Department). The information contained herein does not necessarily reflect the position or policies of the Department, and no official endorsement of any non-Federal product, service, or venture should be inferred.

Today's Conversation

1. Clarify that its more than just a fiscal exercise
2. Ongoing activity: Plan, Execute, Monitor, Adjust, & Repeat
3. Dispel myths and review key elements from the revised set aside determination guide and Pre-ETS strategic planning guide and how these work in concert
4. The Effect of Carryover, Reallotment, Relinquished, and Matched Non-Federal Funds on the Pre-ETS Reservation Requirement
5. Discuss who needs to be at the table and the processes and procedures to carry out - Telling the story

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The Process: More than a Fiscal Exercise

- **To anticipate or forecast the position of the agency in the provision of pre-employment transition services to all students with disabilities in the state who may need them, and the expenditure of the minimum reservation requirement.**
- **To feel confident in the agency's ability to effectively and efficiently spend Federal VR funds necessary for the reservation of pre-employment transition services.**
- **To implement and carry out clearly designed written processes that outline:**
  - the scope of the services being provided and how they are provided statewide
  - to whom they are provided,
  - the rate setting methodology developed for those services,
  - the average cost of services per student per service,
  - the process used to determine when the agency may have sufficient funds remaining to implement one or more authorized pre-employment transition services and whether or not reserve funds will be used, and
  - the process that will be used to determine when adjustments need to be made in order to ensure sufficient funds are reserved for the provision of the required pre-employment transition services and coordination activities.

Dispelling the Myths 1:

Myth: An agency must wait until all students with disabilities have received pre-employment transition services

Fact: There is no requirement that a VR agency wait until all students with disabilities have received required and pre-employment transition coordination activities are complete before it can spend reserved funds on authorized activities.

The VR agency must ensure sufficient funds are available to provide the required and pre-employment transition coordination activities should students need services, consistent with the State's determination of available funding for authorized services, before spending reserved funds on "authorized" activities.

Source: *RSA COVID FAQs May 2020*

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Potential Effect of VR Award Funds Carried Over from Prior FFY on Reserve Spending

- ✓ States should calculate their pre-employment set-aside determination **each FFY** based on that year's determination of the amount required to be reserved, in addition to available reserve funds carried over, to determine the **total amount** of available funds that must be spent on required and pre-employment transition coordination activities to assess if resources remain available to provide authorized activities.

Dispelling the Myths 2:

Myth: The minimum 15% reservation requirement is a static number based on 15% of the Federal funds allotted in the original grant award notification for the FFY

Fact: It is the lessor of –

1) the maximum amount of Federal VR award funds matched; or

2) the amount of the **net Federal VR award** (at the end of the period of performance).

Source: *Reserve Set-Aside Determination Guide*

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Considerations: The Minimum Reservation Requirement

- Similar to match and maintenance of effort, the pre-employment transition service (pre-ETS) requirement is a State level requirement.

- Therefore, compliance with the minimum pre-ETS requirement must be calculated at the State level. VR agencies are required to reserve and expend a minimum of 15 percent of the lessor of the –

  - Maximum amount of Federal VR award funds matched by the State; or

  - State's total Federal net award amount at the end of the period of performance.

- States must monitor expenditures throughout the lifecycle of the VR grant award.

Net Award Amount

The "net award amount" accounts for changes due to reallotment, relinquishment, maintenance of effort (MOE) reductions, and any other Federal award amount adjustments.

It would also include any transfers between Blind and General agencies when there are two VR agencies in a State. However, an increase/decrease from a Blind/General transfer would not result in a net change to the State's award allotment amount.

Net Award: Example: No Adjustments Scenario:

A VR agency receives a $1,000,000 VR Federal award, fully matches the award, and does not participate in reallotment or any transfers. The net award amount total is the amount of funds received ($1,000,000), and as a result the agency's minimum pre-ETS amount to be reserved is $150,000 (15 percent of $1,000,000), assuming the non-Federal share was met as a State.

Example: Funds Relinquished in Reallotment Scenario:

A VR agency receives a $1,000,000 VR Federal award; however, the agency subsequently relinquishes (gives up) $25,000 during the reallotment period. The agency fully matched its net award, the remaining $975,000 ($1,000,000 award minus $25,000 relinquished). As a result, the agency's minimum amount to be reserved for pre-ETS is $146,250 (15 percent of $975,000).

Example: Reallotment Funds Received Scenario:

A VR agency receives a $1,000,000 VR Federal award; however, the agency received an additional $25,000 in Federal funds in reallotment. Now the net award amount is $1,025,000 ($1,000,000 plus $25,000) in Federal funds and, assuming those Federal funds were fully matched, the new minimum 15% reserve amount is $153,750 (15 percent of $1,025,000).

Dispelling the Myths 3:

Myth: For States with a Blind and General VR Agency, each agency needs only to consider their own agency's calculation to meet the reservation requirement.

Fact: The reservation and expenditure requirement for pre-employment transition services is a Statewide requirement (34 C.F.R. § 361.60). There are certain conditions (e.g., one agency overmatching and another undermatching) that may affect the amount a Blind or General agency has to reserve and expend in order for the State to meet the requirement.

Accompanying Guidance

Source: GAN Attachment

→ *While it may be helpful for each VR agency, particularly when a State has two VR agencies, to reserve and expend at least 15 percent of its allotment to facilitate tracking of State compliance of the reservation requirement, there is no statutory requirement that this be done. If one agency (when a State has two VR agencies) uses more of its funds than the other, the State would be in compliance so long as the State's total of funds reserved for the provision of pre-employment transition services is at least 15 percent of the State's total allotment*

Calculating the Effect of Matched Funds on the Pre-ETS Requirement:

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Example: Combined Agency – Undermatch Scenario:

Combined agency's Federal VR grant amount is $1,000,000. To access the agency's entire Federal award amount the agency has to provide $270,648 in non-Federal share; however, the agency is only able to provide $250,000 in non-Federal expenditures. As a result of insufficient match, the agency could only draw down $923,709 in matched Federal funds. In this circumstance, the minimum pre-ETS requirement is $138,556 (15 percent of $923,709).

Pre-ETS Reserve When there are Two VR Agencies in the State

To determine the minimum amount required to be reserved and expended for pre-employment, Blind and General VR agencies need to calculate the non-Federal share being provided at the State level, in addition to the agency level. This requires both agencies to conduct fiscal analyses and planning at the State level.

When there are two VR agencies, the net VR award amount for the State can be calculated by adding each agency's net award amount.

Example: Blind and General Agency – Met Match Scenario:

Blind and General VR agencies each received a Federal VR grant of $1,000,000. Therefore, the State's total allotment is $2,000,000 ($1,000,000 Blind, plus $1,000,000 General). The minimum pre-ETS requirement is $300,000 (15 percent of $2,000,000). Each VR agency would reserve and expend at least $150,000 (15 percent of $1,000,000) for pre-employment transition services.

Example: Blind and General Agency – Undermatch Scenario:

Blind and General VR agencies each received a Federal VR grant of $1,000,000. The Blind agency was only able to provide $200,000 in non-Federal share instead of the $270,648 required to drawdown its entire $1,000,000 Federal award.

The General agency spent $270,648 in non-Federal funds, which is the amount required to fully draw down its Federal VR award ($1,000,000). In this instance, the Blind agency's minimum pre-ETS requirement is based only on the Federal portion of the award the Blind agency was able to match ($738,967).

General agency pre-ETS minimum requirement = $150,000 (15 percent of $1,000,000)

Blind agency pre-ETS minimum requirement = $110,845 (15 percent of $738,967)

State total minimum pre-ETS requirement = $260,845 (15 percent of $1,738,967)

Example: Blind and General Agency – Overmatch/Undermatch Scenario:

General agency spent a total of $341,296 in non-Federal share, which is more than the $270,648 required to match its $1,000,000 Federal award. The Blind agency was only able to spend $200,000 in non-Federal funds. The Blind agency did not fully match its Federal award; however, the General agency overmatched its award.

To reserve the minimum required for pre-ETS, the agencies must calculate the minimum pre-ETS requirement at the State level

Total State Federal VR Allotment = $2,000,000 ($1,000,000 each for Blind and General)

Total State Non-Federal Share = $541,296 ($341,296-General plus $200,000-Blind)

Total Non-Federal Share Required to Match State's Allotment ($2,000,000) = $541,296

Total Minimum Pre-ETS State Requirement = $300,000 (15 percent of $2,000,000)

Calculating the Effect of Unused Funds Remaining at the End of the Period of Performance on the Pre-ETS Requirement:

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Example: Combined Agency – Matched Unused Funds:

Combined agency's Federal VR grant amount is $1,000,000. To access the agency's entire Federal award amount, the agency provides $270,648 in non-Federal share; however, the agency leaves $100,000 of its Federal VR award funds unused at the end of the period of performance for the award. The minimum amount required to be reserved for pre-ETS would be $150,000 (15 percent of $1,000,000), because the unspent $100,000 was matched by the agency.

IMPORTANT:

Of the amount of Federal funds matched, up to the Federal award amount, the VR agency may NOT expend more than 85 percent on VR services that are not pre-ETS!

Example: Combined Agency – Unmatched Unused Funds:

Combined agency's Federal VR grant amount is $1,000,000. The agency only provides $250,000 in non-Federal share, which is the amount required to match $923,709 in Federal VR funds. In addition, the agency left $100,000 unused at the end of the period of performance for the award.

The minimum amount required to be reserved for pre-ETS would be $138,556 (15 percent of $923,709), because $23,709 of the unspent $100,000 was matched by the agency.

Telling Your Story

Understanding the Impact

Understanding the Impact of Pre-Employment Transition Services

- → How the five required services are made available (i.e.. what services staff and vendors are providing),
- → The mechanism or process that is used to measure impact,
- → The agency's minimum amount to be reserved and what that is based on,
- → The progress being made in the provision of services and expenditure of funds at any given point in time,
- → The activities that could be allocated to the reserve as authorized pre-employment transition services, or paid for with non reserve funds, and
- → The flow or sequence between the required, coordination, and authorized pre-employment transition service authority.

The Agency's story is told through:

- The data reported in the RSA-911;
- The RSA-17;
- The coordination and collaboration with the State and Local Education Agencies; and
- The successful transition of students with disabilities.

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Telling the Story: Pre -Employment Transition Services (1)

A. Determine the total number of “students with disabilities” in the State which includes those students eligible for the VR program as well as those students with disabilities “potentially eligible” for the VR program.

Telling the Story: Pre -Employment Transition Services (2)

B. How does the agency ensure that all students with disabilities and their families are made aware of the availability of pre-employment transition services?

- ✓ Determine the number of students with disabilities in the State that need required pre-employment transition services.

How does the agency make the five required services available statewide? What does this look like in your state?

- → By VR staff;
- → By VR agency purchase;
- → Individualized vs in a group setting.

Telling the Story: Pre -Employment Transition Services (3)

C. Calculate the cost for the provision of the "required" and "pre-employment transition coordination" activities. The cost calculation should include, but is not limited to –

- ✓ All non-administrative costs for required pre-employment transition services activities provided or arranged by VR staff;
- ✓ Costs for the provision of "pre-employment transition coordination" activities;
- ✓ Costs for the provision of "required" activities through third-party cooperative arrangements (TPCAs);
- ✓ Costs for the provision of "required" activities through VR contracts with providers/vendors; and
- ✓ Costs for auxiliary aids and services as well as additional individualized VR services that may be charged to the reserve, consistent with the Notice of Interpretation.

Dispelling the Myths 4:

Myth: States can decide whether or not to document and allocate staff time or additional services that can be charged to the reserve based upon the Notice of Interpretation.

Fact: Agencies are required to accurately determine the authority in which they are able to expend funds and must document and report services and expenditures accurately consistent with the VR program regulations and Federal cost principles. This includes reporting all pre-employment transition service Federal expenditures even if they exceed the required 15 percent.

Costs for Additional VR Services that may be Charged to the Reserve Consistent with the NOI

- VR agencies will want to ensure the forecast includes the costs for additional individualized VR services that may be charged to the reserve, consistent with the Notice of Interpretation. This includes:
  - Any auxiliary aids or services needed by potentially eligible or VR-eligible students with disabilities to participate in pre-employment transition services,
  - Additional VR services when needed by VR-eligible students with disabilities, under an approved individualized plan for employment (IPE), to participate in pre-employment transition services required activities.

Process for Determining Availability of Reserved Funds for Authorized Services

D. Calculate the amount of funds that must be set aside and reserved for the provision of the "required" activities under pre-employment transition services to students with disabilities in need of such services, as well as the costs for providing pre-employment transition coordination activities.

Process for Determining Availability of Reserved Funds for Authorized Services (continued)

E. Determine whether the agency's VR funds that are required to be reserved for the provision of pre-employment transition services are sufficient to make the required and pre-employment transition coordination activities available to all students with disabilities needing such services.

This may include unspent pre-employment transition services reserve funds from the prior FFY's award that meet requirements and may be carried over into the subsequent Federal fiscal year.

Who Needs to be at the Table?

- Consider regularly scheduled leadership meetings with members of administration (fiscal, data, program) to make any adjustments to the forecast that the team identifies are necessary based upon current fiscal and programmatic data and trends. This could be monthly, bi-monthly, or quarterly, depending upon the VR agency's systems and processes.
- Potential stakeholders to include:
  - Counselors
  - Supervisors
  - Rehabilitation Assistants
  - Central Office Team
  - Fiscal Financial Officers
  - Executive Team
  - SRC
  - DSA or Commission
  - Providers

What Types of Procedures Do VR Agencies Need?

Agencies need to have a process in place that continuously evaluates where they are in their expenditure of reserve funds. **This includes:**

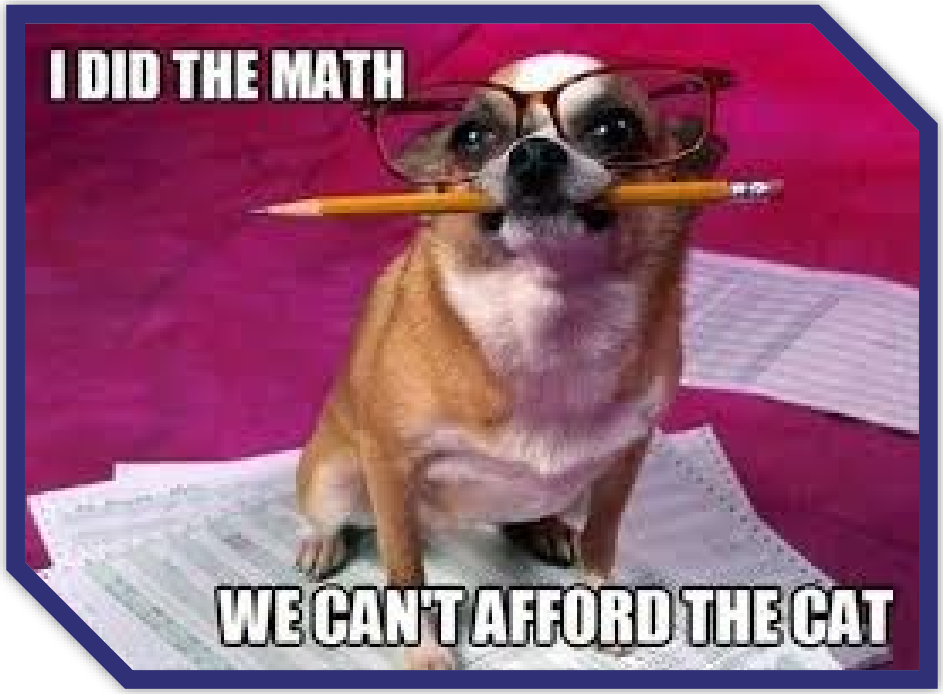
- Ensuring the VR agency is paying reasonable costs for the required services;
- Ensuring services are necessary for the students with disabilities receiving them;
- The amount of funds that are expended or are currently obligated under each contract and agreement for each student receiving pre-employment transition services;
- The amount of reserve funds necessary to provide required services to all students who may need them;
- How much remains for authorized pre-employment transition services;
- What types of authorized activities are necessary to enhance or improve the program for students with disabilities;
- Ensuring reasonable costs are spent on authorized activities;
- A process to determine what is an authorized activity cost vs an administrative cost;
- A plan for implementation of authorized activities;
- A process to determine when authorized activities need to be paused due to needs of students with disabilities;
- A communication process (internal and external) about the provision of services and how the agency is carrying out the required, coordination and authorized activities;
- A process to determine when additional non reserved funds may be used;

Reviewing and Updating Pre-employment Planning Processes:

- The process should be updated **at least annually and revisited on a regular basis** as additional or more recent data becomes available.
- Agencies that charge pre-employment transition services authorized activities to the funds required to be reserved and expended for pre-employment transition services are responsible for ensuring that the available data supports their decision-making process and determination.
- Because the data elements used to calculate the amount required to be reserved for pre-employment transition services, the analysis should be updated regularly and when there are unanticipated changes in the total amount of Federal expenditures expected to be charged to the FFY's VR award and/or the total amount of Federal funds matched by the VR agency.

Using Non Reserve and Non Federal Funds

Agencies that are not be able to assign costs for pre-employment transition services authorized activities to the funds reserved for the provision of pre-employment transition services, may decide to spend non-Federal funds or non-reserved VR funds for authorized pre-employment transition services activities, but those expenditures will not count toward the State's reserve requirement.



Dispelling the Myth & Implementing Strategies

- **Authorized Activities are not ongoing commitments. They can be a strategy that may be used when funds remain and as your planning deems necessary.**
  - The movement between required and authorized is a fluid process.
    - It's a supplement to improve services and build capacity.
    - Some activities may already be occurring yet are not allocated properly.
    - It's a determination of whether you have sufficient funds reserved to provide the required and coordination activities to then carry out one or more of the authorized activities.
- **Having a strong rate setting methodology decreases the risk of unreasonable or unnecessary costs (spending too much on one potential service or activity).**
- **Having strong contract monitoring helps the agency determine if and when adjustments are necessary.**
  - this includes looking at not to exceed amounts and the cost per student per service;
  - actual expenditures to determine if adjustments are necessary; and
  - if additional programs and projects need to be implemented.

Why Is This ALL So Complicated ?

- The authorized activities enhance the provision of pre-employment transition services.
- When they are viewed as a supplement to build capacity, increase overall service delivery, and are implemented with clear procedures in place, then the VR program improves, including the direct service provision to students.
- Relax, we are here to help! Reach out to us for assistance in walking through the process.
  - → Contact us directly via email or phone
  - → Request TA via the transitionta.org website
  - → Reach out to your RSA State Liaison and Fiscal Management Specialist

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Resources

- Reserve Set-Aside Determination
- Pre-employment transition services strategic planning guide
- Time Allocation Guide
- Policy Guide for Pre-employment transition services
- Pre-Employment Transition Services: A Guide for Collaboration Among State Vocational Rehabilitation Agencies and Education Partners

Thank You

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