

APPENDIX A

Information Collection for Vocational Rehabilitation Financial Report (RSA-17)

Summary of Public Comments and Responses

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

I. Introduction

The U.S. Department of Education (Department) appreciates each stakeholder's suggestions and comments on this Information Collection Request (ICR) for the Rehabilitation Services Administration (RSA) Vocational Rehabilitation Financial Report (RSA-2), published in the *Federal Register* on February 12, 2020 (85 FR 7980). RSA received ten comments related to specific aspects of the proposed revisions to the RSA-2 from five State Vocational Rehabilitation (VR) agencies.

II. Comments and Responses

A. Report Numbering

Comment: Commenters remarked that the proposed RSA-2 was a very different form from the prior RSA-2 due to the incorporation of data elements from the SF-425 and the elimination of so many previously reported RSA-2 data elements. This appears to make the transition to the proposed RSA-2 more confusing.

Change: While RSA changed the form title to "Vocational Rehabilitation Financial Report" in order to make a clear distinction between the previous and proposed versions of the RSA-2 forms, the use of the same numbering appears to have resulted in unnecessary confusion. Therefore, RSA changed the numbering of the form to the RSA-17. This will assist VR agencies in making a clear distinction between the previous RSA-2 form submitted annually and the RSA-17 form that is submitted quarterly. It will also be useful for differentiation purposes when VR agencies are submitting both the RSA-2 for VR awards prior to FFY 2021 at the same time they are submitting the RSA-17 for awards beginning in FFY 2021. Additionally, this will make the numbering of the form consistent with RSA's numbering of other forms using the last digits of the Office of Management and Budget's Control Number, which is 17.

B. Report Submission

Comment: Two commenters generally supported the changes; however, both requested an additional 15 days to submit reports after the end of the reporting period when the report is not the final report. These commenters remarked that the 30-day reporting timeframe is burdensome due to the increased workload resulting from existing State fiscal year-end activities.

One commenter noted an increase in work for agency staff, potentially increasing the number of required reports from five to eight annually and noted States will need to make changes to the way they collect, store, and report data. The other commenter noted that the new reporting requirements would be especially burdensome for States that have two DSUs and remarked that a 45-day timeline for reporting RSA-17 data would align better with the RSA-911 reporting timelines.

Department Response: RSA does not have the authority to change the reporting timeframes required by 2 C.F.R. Part 200. In accordance with 2 C.F.R. § 200.328(b)(1), interim Federal financial reports are due within 30 days after the end of the reporting period. The final report is still due within 90 days after the end of the period of performance.

We appreciate the commenters concern regarding the increased burden associated with necessary data systems changes and the increased number of reports. When compared to the RSA-2, the proposed RSA-17 removes over 60 data elements and incorporates financial data elements adapted to be specific to the VR program from the Federal Financial Report (SF-425) to create one VR financial report. As a result of this change, many data elements from the RSA-2 were not included in the RSA-17 in order to reduce the overall reporting burden on VR agencies. Consequently, the data being collected in the RSA-17 is notably different than the data collected in the RSA-2. Because VR agencies are already reporting most of the data elements in the RSA-17 through the SF-425 forms, on a cumulative basis, the effort necessary to produce the reports on a quarterly basis should be minimal.

Change: None.

C. Effective Dates

Comment: Two commenters noted an inconsistency in public information regarding effective dates. One of these commenters noted the Federal Register states the changes are applicable to Federal fiscal year (FFY) 2020 grants, while the Supporting Statement indicated in one place the changes are applicable to FFY 2021 grants, and in another to awards issued on or after October 1, 2019.

Department Response: We appreciate the commenters noting the discrepancy in some of the published information regarding effective dates for the new RSA-17. The RSA-17 will be effective for the VR program beginning with the FFY 2021 VR grant awards.

Change: None.

D. Applicability

Comment: Two commenters asked whether the RSA-17 report will capture data by year, or by award. Two commenters asked if State Supported Employment Services data will still be reported using the SF-425 report.

Department Response: The new RSA-17 report will collect quarterly cumulative VR financial data on an award-by-award basis. RSA will continue to collect State Supported Employment Services financial data through use of the SF-425 report.

Change: None.

E. Noncompliance – Pre-employment Transition Services

Comment: One commenter asked about measures RSA will take regarding States that do not meet the 15 percent reservation and expenditure of funds requirement as reported in the fourth quarter.

Department Response: Section 110(d)(1) of the Rehabilitation Act of 1973, as amended (Rehabilitation Act), requires a State to reserve at least 15 percent of its allotment for the provision of pre-employment transition services. Section 113 of the Rehabilitation Act requires the State to use those reserved funds to provide, or arrange for the provision of, pre-employment transition services to students with disabilities. Therefore, the statute makes clear that the reservation and use of VR funds for this purpose is mandatory, not discretionary, for States. Section 107(a)(1) requires the Commissioner of RSA to conduct annual reviews and periodic on-site monitoring of the VR program. Section 107(a)(4)(B) requires the Commissioner to examine, among other things, the provision of VR services, including the provision of pre-employment transition services, when conducting reviews or monitoring. Section 107(b) and (c) specify the remedies available to the Commissioner if a State does not satisfy Federal requirements governing the VR program, including requirements related to pre-employment transition services. In this manner, compliance with requirements governing pre-employment transition services is the same as it is for any VR program requirement. States that do not meet the 15 percent reserve requirement also may face potential consequences resulting from audit findings stemming from Inspector General, State, or Single Audits.

Change: None.

F. Instructions

Comment: One commenter asked several questions regarding instructions for the new RSA-2 report. The commenter asked if line 37 of the RSA-17 requires the same information as Schedule I-1 of the RSA-2 report and suggested that a crosswalk between the old and new reports would be helpful. The commenter requested clarification on costs that are not to be reported in line 37 and remarked that requiring supervisors to distinguish between their supervising and counseling activities will add workload and may result in inaccuracy. This commenter also asked whether administrative expenditures still include all costs except for counselors' salaries and fringe.

The commenter asked whether line 38 is in any way a subset of line 37, and if line 37 includes all or parts of Schedule I-2 from the previous report, would the expenditures in line 38 be included in line 37. The commenter also asked for clarification concerning instructions for documentation of activities, and whether staff must record time spent in the provision of required, authorized, and coordination activities, or whether staff are to document time spent on each of the detailed subsections for each of these three activities. The commenter asked how they are to treat costs when staff provide multiple services simultaneously.

The commenter also asked whether the purpose of line 40 is to capture all infrastructure costs at American Jobs Centers (AJCs), or if costs reported here should be limited to additional costs incurred from co-locating within AJCs, such as costs for resource rooms. The commenter noted that if the VR grantee's proportionate share is considered administrative, then the instructions should clearly state this at lines 37 and 38.

Department Response: Line 37 of the RSA-17 is comparable to Schedule I-1 on the RSA-2. In accordance with 34 C.F. R. § 361.3, “the Secretary makes payments to a State to assist in -

- (a) The costs of providing vocational rehabilitation services under the vocational rehabilitation services portion of the Unified or Combined State Plan; and
- (b) Administrative costs under the vocational rehabilitation services portion of the Unified or Combined State Plan, including one-stop infrastructure costs.”

The administrative costs in (b) are defined in the regulations at 34 C.F.R. § 361.5(c)(2). These are the costs VR agencies are to report on line 37. These costs would not include the salaries or fringe benefits of staff providing VR services, the cost of purchased VR services, etc., or other costs under 34 C.F.R. § 361.3(a).

RSA will be issuing a crosswalk document to assist VR agencies in the transition from the SF-425 and RSA-2 forms to the RSA-17.

Line 38, Pre-employment Transition Services Provided by Agency Staff Only, is not a subset of line 37 because the direct provision of pre-employment transition services by agency staff is a direct service expenditure, not an administrative cost under 34 C.F.R. § 361.3(b).

VR agencies are responsible for ensuring the agency’s tracking of time and attendance includes the ability to track staff time spent providing the “required,” “authorized,” and coordination pre-employment transition service activities, respectively. Only in this manner, can a VR agency ensure that it can provide all “required” pre-employment transition services needed by students with disabilities in the State and coordination activities, as described in section 113(b) and (d), respectively, of the Rehabilitation Act, before providing other “authorized” pre-employment transition services permitted under section 113(c) of the Rehabilitation Act.

Change: Regarding the comment related to line 40, American Job Center Infrastructure Expenditures, the confusion appears to be related to incorrect line numbers that were referenced in the instructions. RSA has corrected the line numbers in the instructions to line 40 to resolve any confusion.

G. Reporting Expenditures and Non-Federal Share

Comment: One commenter noted it would be helpful for the instructions to the RSA-2 form to include more information about when VR agencies can journal expenditures in order to meet the non-Federal share requirement.

Department Response: While journaling of expenditures, when completed in accordance with the State's accounting procedures and Generally Accepted Accounting Principles (GAAP), is an acceptable accounting process for making corrections or adjustments when errors are discovered or when necessary to ensure match and maintenance and effort requirements remain satisfied in the year of appropriation in the event unliquidated obligations incurred that year are deobligated in the carryover year for some reason, we want to make clear from the outset the match requirement for a Federal award must be satisfied by September 30 of the year of appropriation. To the extent a VR program grantee wants to carry over Federal funds into the subsequent year for obligation and use, it must have incurred sufficient non-Federal obligations and expenditures prior to September 30 of the year of appropriation sufficient to match the amount of Federal funds it wants to carry over. This means that all allowable non-Federal expenditures (including unliquidated obligations) used for match purposes must satisfy these three criteria: (1) they must be for allowable program expenditures; (2) the expenditures must have been incurred during the year of appropriation (on or before September 30 of that year); and (3) the non-Federal funds used to liquidate the expenditures for match purposes must be available at the time the expenditures are incurred.

Having explained these ground rules, we recognize there are times when non-Federal unliquidated obligations, reported by a VR agency on line 29 as having been incurred during the year of appropriation but not yet liquidated by that time, may be cancelled or deobligated during the carry over period. To the extent the VR agency incurred excess non-Federal expenditures during the year of appropriation or had excess non-Federal funds available at that time that were not used to cover Federal costs but could have done so with State funds prior to the end of the year of appropriation, the State agency has the flexibility to make accounting adjustments to journal expenditures paid initially with Federal funds during the year of appropriation to State funds in order to cover the loss of the unliquidated obligations that are deobligated. However, it is important to note, any accounting adjustments done through this journaling process is only to adjust for those allowable expenditures that were incurred during the year of appropriation. A State agency may not use new obligations or expenditures incurred during the carryover year for this purpose.

Following are some examples to provide technical assistance about when journaling might be appropriate:

Example 1: A VR agency uses its State appropriations, which it receives in July, to pay some of the expenditures/obligations by splitting every obligation 50 percent Federal and 50 percent State (50/50) for the entire last quarter of the year of

appropriation. For purposes of this example, let us assume this results in excess match of \$100,000. This means that same amount of non-Federal expenditures, obligated before the end of the year of appropriation, could be deobligated without there being any concern to the VR agency about not meeting its match obligation in the year of appropriation. In this example, no accounting adjustments would be needed because the VR agency would still be fully matched even with the loss of these \$100,000 in expenditures.

Example 2: In the event the above VR agency deobligated \$105,000 in non-Federal obligations during the carryover year, that VR agency would be \$5,000 short of meeting its match for the year of appropriation. However, because it had paid expenditures in a 50/50 split during the last quarter of the year of appropriation, it could have paid them 100 percent with State funds at the time since the State funds were available at that time. So, in this example, the State would have the flexibility to make accounting adjustments in the carryover year to journal Federal obligations made in the year of appropriation to non-Federal obligations made in the year of appropriation to ensure the VR agency satisfies its match requirement in the year of appropriation, if State accounting policies allow for adjustments after obligations occurred.

Example 3: If the above VR agency has a small amount of excess non-Federal funds remaining after the end of the FFY of appropriation and continues to split all expenditures 50/50 at the start of the carryover year even though the Federal funds have been fully matched, the State cannot use these new expenditures incurred in the carryover year for journaling purposes in the event unliquidated obligations from the year of appropriation are deobligated for accounting adjustment purposes. The new obligations in the carryover year were not incurred during the year of appropriation when the match requirement needed to be satisfied.

Change: We have revised the reporting of non-Federal share by splitting the data elements into two categories:

- Reporting Non-Federal Share in the Year of Appropriation (1st through 4th Quarter); and
- Reporting Non-Federal Share in the Carryover Year (5th through 8th Quarter).

RSA placed line 32 under the category titled “Reporting Non-Federal Share in the Carryover Year (5th through 8th Quarter)” and revised the line item instructions to clarify the journaling of expenditures permitted in relation to the non-Federal share requirement. Additionally, RSA clarified instructions for the reporting of non-Federal share throughout the data elements included in both categories.