NATIONAL VOCATIONAL REHABILITATION TECHNICAL ASSISTANCE CENTER

ONE CENTER. ONE TEAM. ONE MISSION.

Order of Selection Leadership Tool

Seeing Risk Early • Testing Cost Containment • Implementing Deliberately • Reopening Responsibly

Purpose: A practical leadership worksheet to help Vocational Rehabilitation (VR) agencies connect fiscal capacity, program demand, performance, staffing, operations, and order of selection (OOS) decisions. Use it before OOS, while considering or implementing OOS, and when determining whether categories can be reopened.

Core principle: OOS is not a single fiscal decision. It is a whole-agency management process. Fiscal, program, performance, and operations leaders should use the same data, assumptions, reporting periods, and decision points.

1. See It Early: Read the Warning Signs Together

Use consistent timeframes and look across all four areas. Consider historical patterns, current operating reality, and future pressures. Do not declare one area stable until you understand its effect on the others.

Funding and Capacity

Leadership question: Do we have enough usable funding and State match to support current and expected program needs over the next 12 to 24 months?

- Leadership cannot clearly state how much funding is available and usable by grant year, including original and final awards, State match, program income, carryover, reallotment, and State spending authority.
- Carryover has declined over several years, leaving less funding available to support the next grant year.
- Carryover is included in future budgets without confirming that the State match needed to access the Federal funds will be available.
- Permanent salaries, fixed operating costs, or recurring services are being supported with one-time funds or program income that may not continue at the same level.
- The agency relies on reallotment to support its regular operating or service budget.
- State match is late, unstable, insufficient, or concentrated in one vulnerable source; the agency repeatedly overmatches, undermatches, or barely meets the requirement.

- Agency errors - such as obligations outside the period of performance, services before required authorization, late authorizations, unsupported costs, or other process failures - cause costs to be paid with State-only, non-match funds.
- A reduction in maintenance of effort (MOE), loss of third-party funding, legislative limits, lapsed or relinquished funds, or other decline in non-Federal resources reduces future capacity.

Spending and Cost

Leadership question: Are we spending at a sustainable pace, and can we explain and support the costs that are driving the forecast?

- Actual or projected spending is above the sustainable rate for available annual resources, including unexplained month-over-month or year-over-year increases or spikes in service categories or authorizations.
- Quarter-end actual spending differs significantly from the budget or forecast, and expected seasonal changes such as college, pre-employment transition services (Pre-ETS), or annual contract costs are not explained.
- Unanticipated costs, including State employee salary increases without accompanying General Fund appropriation, must be absorbed within current budgets.
- Known cost increases - inflation, leases, technology, office moves, new positions, or hiring plans - are not included in the forecast.
- Provider rate increases are approved without a documented rate-setting or rate-review methodology.
- Average cost per case or service category - including tuition, transportation, maintenance, training, and out-of-state services - is increasing faster than the forecast.
- Outstanding authorizations or unliquidated obligations (ULOs) remain high while expenditures stay flat, suggesting commitments may be stale, overstated, or inactive.
- Administrative costs increase faster than participant service costs without a clear explanation; mis-coding, late invoices, credits, refunds, or variances are not corrected promptly.
- The agency reaches the fourth quarter without a reliable estimate of remaining funds, or Pre-ETS spending/time coding is not on pace or not reliably identified.

Program Demand and Performance

Leadership question: What is entering the pipeline, what services will be needed, and what will that demand require from funding and staff capacity?

- Month-over-month or year-over-year spikes occur in referrals, applications, eligibility determinations, individualized plan for employment (IPE) development, service authorizations, or students receiving Pre-ETS.

- Applicants, eligible individuals, participants with IPEs, open cases, new cases, and closures are growing faster than staffing and funding capacity.
- Seasonal and quarterly changes in the program pipeline are not tracked or used to project future service needs and costs.
- The agency does not incorporate changes in participant characteristics or service needs into cost and capacity projections.
- Caseloads, backlogs, service delays, or reduced participant contact indicate that workload exceeds staff capacity.
- Authorization attrition and service utilization are not understood, so the agency cannot distinguish committed funds from services likely to occur.
- Service volume or spending increases without corresponding improvement in case movement, credentials, measurable skill gains, retention, or employment outcomes.
- Potentially eligible students and expected Pre-ETS demand are not incorporated into the program and fiscal forecast.

Operations and Leadership

Leadership question: Can our staffing, systems, contracts, and controls support the plan, and do we trust the information being used to make decisions?

- Turnover, vacancies, hiring delays or freezes, salary pressure, or uneven geographic coverage affect service delivery.
- Operational bottlenecks emerge in eligibility, IPE development, authorizations, purchasing, contracting, invoicing, or service delivery.
- Invoices do not tie to authorizations; backdating, late authorizations, coding errors, missing documentation, or repeated exceptions continue.
- Case-management and accounting systems do not reconcile, omit material costs such as contract activity, or use different definitions and reporting periods.
- Delayed contracts, purchases, technology, or provider capacity affect service delivery and case movement.
- Fiscal, program, performance, and operations leaders are not reviewing the same data, assumptions, and time periods together.
- State Plan estimates and the current forecast are not updated when caseload, staffing, service, funding, or cost assumptions change.
- Leadership lacks a standing dashboard, agreed warning thresholds, assigned owners, due dates, and escalation points.

- Contracts, leases, technology, travel, office costs, or vendor agreements continue without review of utilization, duplication, outcomes, or need.
- The agency relies on end-of-year scrambling or short-term fixes instead of addressing the underlying cause.

Use the Historical / Current / Future Lens

Warning-sign Area	Historical Patterns	Current Operating Reality	Future Pressures
Funding and Capacity	Award changes, carryover, match, MOE, program income, reallotment, funds lapsed/relinquished, State-only corrective spending.	Usable funds by grant year, match available and expended, State funds diverted to non-match costs, spending authority, remaining funding cushion.	Expected State appropriations, match availability, carryover, MOE risk, and changes to other funding sources.
Spending and Cost	Spending pace, seasonal patterns, cost by case and service, authorizations, ULOs, prior forecast accuracy.	Actual versus forecast, major cost drivers, provider rates, administrative costs, Pre-ETS spending pace.	Salaries/benefits, provider or policy changes, inflation, leases, technology, contracts, and other known costs.
Program Demand and Performance	Referrals, applications, eligibility, IPEs, service use, closures, Pre-ETS demand, outcomes.	Pipeline growth, caseloads, backlogs, service mix, participant needs, utilization, performance.	Expected applicants, students, active-IPE costs, service duration, outcomes, staffing needs.
Operations and Leadership	Recurring data problems, bottlenecks, staffing gaps, contract delays, end-of-year surprises.	System reconciliation, vacancies, workload, contracts, provider capacity, unresolved corrective actions.	Operational capacity to carry out decisions, timing requirements, communication needs, implementation risks.

Work the Four Areas in Concert

The four areas are not four separate reports. Leadership works them in the same meeting, with the same reporting cutoff, Federal fiscal year and grant-year view, definitions, and forecast assumptions. Fiscal, program, performance, and operations remain at the table through the decision and follow-up review.

Step	How to Use It
Review the Whole Picture	Scan all four areas using month-over-month and year-over-year trends and historical, current, and future lenses. Do not declare one area stable until you understand its effect on the other three.
Reconcile the Information	Tie fiscal, case-management, contract, staffing, and RSA-17 information to the same periods and definitions. Identify unresolved differences, missing costs, stale obligations, and information that is not current enough for a decision.
Interpret What is Driving the Change.	Name forecast assumptions and distinguish timing or seasonal variation from a sustained change. Trace how each driver moves across funding, spending, demand, performance, staffing, systems, and contracts.
Project the Trajectory	Build a base case, a higher-cost or higher-demand case, and a constrained-resource case by Federal fiscal year and grant year. Show where the agency will be in three, six, and twelve months if nothing changes.
Decide while Options Remain.	Select a targeted response, establish the fiscal and program baseline, identify consequences of acting and waiting, and document rationale, assumptions, expected effect, owner, due date, and escalation trigger.
Monitor and Correct Course	Review at least monthly, and more often when conditions change. Compare actual results with the forecast and verify whether the action reduced cost, preserved access, maintained compliance, and supported case movement and outcomes.

Seven Questions Leaders Should Ask Every Month

Cross-impact test before leadership acts: What will this decision do to usable funds and match; spending and future commitments; access, demand, Pre-ETS, case movement, and outcomes; and the people, systems, providers, and controls needed to carry it out?

- What decision do we need to make now?
- Where are we at risk - financially or from a compliance standpoint?
- Are we spending at the right pace - or reacting too late?
- Is our match real, allowable, and being expended - not just obligated?
- What changed since last month that affects our trajectory?
- Do we trust the data, and if not, why?
- If nothing changes, where will we be in three to six months?

2. Act While Options Remain: Cost-Containment Strategy Menu

Treat these as a coordinated menu, not automatic reductions. Test each option for fiscal savings and downstream program effects before implementation.

Use Other Available Resources

- Strengthen comparable services and benefits.
- Review financial participation policies when appropriate and consistent with requirements.
- Leverage workforce, education, and partner resources.
- Use existing records to avoid duplicative assessments.

Manage Authorizations and Case Costs

- Review authorization spending patterns and attrition.
- Cancel or adjust stale/overstated authorizations; consider shorter authorization periods when useful.
- Reconcile authorizations, obligations, expenditures, and case status monthly.
- Review high-cost cases/service outliers without arbitrary caps.
- Establish supervisory or leadership thresholds for high-cost or exceptional purchases.

Review Service Policies and Practices

- Examine tuition, housing, transportation, maintenance, out-of-state training, and similar policies.
- Confirm services remain individualized, necessary, and connected to the employment outcome.
- Identify practices that unintentionally increase cost or utilization.
- Monitor fiscal and program effects before statewide implementation.

Manage Providers and Contracts

- Evaluate in-house versus purchased services for cost-effectiveness.
- Review contracts for utilization, duplication, outcomes, performance, and continued need.
- Renegotiate vendor agreements when appropriate.
- Evaluate rate requests using documented cost, market conditions, utilization, outcomes, provider capacity, and contract terms.

Examine Administrative and Staffing Costs

- Review leases, technology, travel, office expenses, subscriptions, equipment, and administrative contracts.
- Review vacancies, overtime, temporary staffing, hiring pace, and resource allocation.

- Use technology/process improvements to reduce avoidable workload where appropriate.
- Ensure staff time is charged correctly, including Pre-ETS and other program activities.

Stop Preventable Fiscal Leakage

- Identify nonallowable or non-match expenditures consuming limited State funds.
- Reduce late authorizations, unsupported costs, period-of-performance errors, coding problems, and repeated exceptions.
- Strengthen pre-service/pre-purchase controls and supervisory review.
- Promptly investigate material budget-to-actual variances, late invoices, credits, refunds, and miscoding.

Cost-Containment Decision Screen

Question	Agency Notes	Evidence/Measure
What problem or cost driver are we trying to address?		
What is the projected spending baseline if we do nothing?		
What savings or capacity gain do we expect, and when?		
How will this affect access, participant contact, case movement, credentials, outcomes, and service quality?		
What will this do to counselors, supervisors, providers, schools, partners, systems, and workload?		
What are the effects on match, MOE, Pre-ETS reserve/expenditures, cash flow, and Federal award utilization?		
Could this shift costs rather than reduce them?		
Are there compliance, informed-choice, individualization, or equity concerns?		
Who owns implementation? What is the review date and escalation trigger?		
How will we know whether it worked?		

- Do not use arbitrary service caps or uniform reductions as a substitute for individualized decision-making.
- Do not sharply reduce tuition or other supports mid-program without examining the individual plan and downstream effects.
- Do not reduce Pre-ETS to minimal or volunteer-only experiences simply to lower cost.
- Do not create savings by moving burden to participants, counselors, providers, schools, or another agency unit.
- Do not assume a lower authorization amount equals real savings unless you measure actual utilization and outcomes.

3. When Cost Containment Is Not Enough

Baseline first: Before implementing a cost-containment action, establish projected spending and agreed program measures. Without a baseline, leadership cannot tell whether the change actually saved money, delayed cost, shifted cost, or reduced outcomes.

Reassess the agency's ability to serve all eligible individuals using current fiscal and personnel resources, active IPE costs, expected applicants and assessments, service-cost trends, potentially eligible students/Pre-ETS obligations, administrative costs, and documented assumptions.

- ☐ Can we support all active IPE commitments and expected service utilization?
- ☐ Can we support assessment costs and expected applicants?
- ☐ Can we meet applicable Pre-ETS responsibilities and the 15% reservation/expenditure requirement?
- ☐ Are staffing resources sufficient to carry the projected workload?
- ☐ Have reasonable cost-containment and resource-leveraging options been tested and measured?
- ☐ Does the forecast still show demand exceeding available resources?
- ☐ Have State Rehabilitation Council (SRC) consultation, public input, State Plan timing, RSA consultation, systems, communication, and training requirements been built into the timeline?

4. Implement Deliberately

Readiness Area	What Must be Ready
Policy and Categories	Definitions, priority categories, ranking method, job-jeopardy election (if used), information and referral, waitlist management, and the reopening process are clear.
State Plan/Consultation	SRC consultation, public participation, State Plan/amendment, RSA coordination, approvals, and timeline are built in.

Readiness Area	What Must be Ready
Systems	Case-management system can assign priority categories, manage the waitlist, track referral/application/eligibility, generate reports, issue notifications, and track Pre-ETS.
Staff	Training, case-review expectations, statewide consistency, scripts, notices, appeal information, and performance expectations are aligned.
Ongoing Obligations	The agency understands what continues for active IPEs and applicable Pre-ETS; funding arrangements and contracts align with OOS requirements.
Communication	Messages are tailored for staff, consumers, Governor/executive leadership, SRC, CAP, providers, schools, workforce partners, and other stakeholders.

5. Monitor Toward Reopening

The goal is not to become good at staying in OOS. The goal is to build enough fiscal and service capacity to reopen responsibly and return to serving all eligible individuals.

- Spending pace and cash flow
- Waitlist size, inflow, and release rate
- Referral/application dates and priority assignments
- Assessment and case-service costs
- Authorization, attrition, and utilization
- Caseloads, vacancies, staff retention, and provider capacity
- Pre-ETS demand, services, and expenditures
- Actual savings from containment actions
- Case movement, credentials, measurable skill gains, retention, and employment outcomes
- Changes in assumptions, funding, match, or State spending authority

Reopening discipline: Release individuals in manageable batches under the agency's ranking method and current capacity. A priority category is not considered open until the agency can serve everyone in that category - not only a portion. Continue to reassess whether restrictions remain necessary.

6. Leadership Action Record

Decision/Action	Why now?	Expected Effect	Owner	Review Date	Escalation Trigger

Companion Resource: Navigating Order of Selection: A Resource for VR Agencies

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