§ 361.89 Enforcement procedures.

(a) If a DSU fails to meet the established performance levels on both evaluation standards as required by §361.82(b), the Secretary and the DSU must jointly develop a program improvement plan that outlines the specific actions to be taken by the DSU to improve program performance.

(b) In developing the program improvement plan, the Secretary considers all available data and information related to the DSU’s performance.

(c) When a program improvement plan is in effect, review of the plan is conducted on a biannual basis. If necessary, the Secretary may request that a DSU make further revisions to the plan to improve performance. If the Secretary establishes new performance levels under §361.86(a)(2), the Secretary and the DSU must jointly modify the program improvement plan based on the new performance levels. The Secretary continues reviews and requests revisions until the DSU sustains satisfactory performance based on the current performance levels over a period of more than 1 year.

(d) If the Secretary determines that a DSU with less than satisfactory performance has failed to enter into a program improvement plan or comply substantially with the terms and conditions of the program improvement plan, the Secretary, consistent with the procedures specified in §361.11, reduces or makes no further payments to the DSU under this program until the DSU has met one of these two requirements or raised its subsequent performance to meet the current overall minimum satisfactory level on the compliance indicators.

§ 361.89 APPENDIX A TO PART 361—QUESTIONS AND ANSWERS

The following questions and answers provide a summary of some of the most common and critical questions that we received regarding this part 361 and the applicable responses. As is evident from the responses, we maintain that redefining the term "employment outcome" for purposes of the VR program to mean outcomes that occur in integrated settings will promote the provision of opportunities for all VR-eligible individuals to pursue the types of jobs that generally are available to the public.

**Is Extended Employment Still a Legitimate Employment Option?**

Yes. Employment in a sheltered setting is a legitimate and valuable employment option for individuals with disabilities. Implementation of these regulations will not change that fact. Individuals still may choose to pursue long-term extended employment outside of the VR program, and these regulations ensure that those individuals’ needs are met by requiring the VR agency to make the necessary referral to local extended employment providers.

**Do the Regulations Restrict Individual Choice?**

No. We interpret the concept of individual choice in the Act as a choice among the employment outcomes under the VR program specified in the statute or by the Secretary in regulations. Extended employment (i.e., sheltered or non-integrated employment) remains both an initial step toward achieving integrated employment under the VR program and a long-term employment option through sources of support other than the VR program. In recognizing that some individuals with disabilities may wish to work in an extended employment setting, these regulations require the VR agency to ensure that these individuals are afforded the opportunity to do so by referring them to local extended employment providers. Those providers currently support the vast majority of sheltered workers through non-VR program resources. Moreover, persons wishing to prepare for integrated employment by initially working in an extended employment setting also may do so. In these cases, the VR agency cannot discontinue VR services until the individual transitions to integrated work in the community.

**Can State Agencies Refuse To Serve Those With the Most Significant Disabilities?**

No. Both the Act and regulations guard against that result. Persons with disabilities may not be excluded from the VR program based on an assumption or belief that the individual is incapable of working in an integrated setting. Rather, State units are required to establish clear and convincing evidence that an individual is incapable of achieving an employment outcome, for purposes of the VR program, and must conduct