

**Rehabilitation Administration – Vocational Rehabilitation
100 - M2 - JA - MAXIMIZE FEDERAL FUNDING**

Agency Submittal: 11-2017-19-YR Agency Req

Budget Period: 2017-19

SUMMARY

Rehabilitation Administration, Vocational Rehabilitation (VR) will not meet the potential demand for services with current available state funding; therefore, it is critical that federal funding is maximized. Basic Support Services are essential to people with disabilities who want to work, as it enables them to pursue employment and training opportunities that would otherwise be beyond their reach. VR requests \$9,512,000 (\$1,618,000 GF-State). The requested funding will allow VR to provide required employment services and will maximize the amount of federal funds earned by Washington State.

PROBLEM STATEMENT

A lack of state and federal funding authority puts VR at risk for creating a wait list for VR services beginning in Fiscal Year 2018. This could result in delaying VR services to some clients with disabilities. VR provides employment services and counseling to people with disabilities who want to work but experience barriers to work because of a physical, sensory, and/or mental disability. A VR counselor works with each person to develop a customized plan of services, designed to help them participate fully in their communities and reach their employment goal.

The VR program is funded with lidded formula grants from the Department of Education, Rehabilitation Services Administration. Through the Basic Support Services Grant, VR provides employment services to assist people with disabilities to prepare for, obtain, and retain employment.

Annual adjustments to the grant are based on per capita income and population for Washington State. VR estimates a grant increase of between 4.6 percent - 4.8 percent for federal Fiscal Years 2017 through 2019. VR also receives an Independent Living Grant and Supported Employment Grant.

Challenges of not funding:

1. In past biennia, VR received reductions that forced VR to meet the state match and Maintenance of Effort (MOE) requirement during the last quarter of the federal fiscal year (July-September) when a new state appropriation becomes available. This creates added risk, as VR can't assume it will be funded with sufficient state funds to match the federal grant dollars being spent during October-June.
2. When VR can't serve all people with disabilities, due to a shortage of staff or funding, Federal law requires VR to implement a wait list. People with disabilities on a wait list are served in order by: 1) application date; and, 2) severity of disability. VR ended a ten year wait list in 2009, with over 14,000 people with disabilities waiting for services. People with less severe disabilities never received services. When entering a wait list, VR must at least accept all applications for VR services, complete an eligibility determination, and serve all individuals with an open employment plan.



DSHS VISION

People are healthy • People are safe • People are supported • Taxpayer resources are guarded

DSHS MISSION

To transform lives

DSHS VALUES

Honesty and Integrity • Pursuit of Excellence • Open Communication • Diversity and Inclusion • Commitment to Service

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3. Significant changes were made to the Rehabilitation Act by Title IV of the Workforce Investment Opportunity Act (WIOA); final regulations were published June, 2016. The federal changes increase opportunities for people with disabilities who are transitioning from school to adult life and face barriers to employment. This new law brings additional match requirements. VR will not meet the new requirements unless funded with sufficient state match.
- VR must set aside 15 percent of the employment grant funds for pre-employment transitional services (Pre-ETS) as defined within WIOA; this leaves 85 percent funds for the remaining program. Historically, VR would spend approximately \$1-\$2 million toward high school transition services, whereas, VR is now required to spend \$7-\$7.5 million.
 - Implementation of new requirements related to WIOA adds a high level of administrative burden. Additionally, the 15 percent must be spent on direct client services only. No administrative costs are allowed as charges against the 15 percent requirement, which increases the unfunded mandate by at least another 10 percent for a one year period.
 - At least 50 percent of the Supported Employment grant now requires 10 percent state match, when previously this grant did not include a match requirement. WIOA extends the standard post-employment services from 18 months to 24 months; this will increase expenditures.
 - Funding of One-Stop infrastructure and other costs are now required. Under WIOA law, VR can be initially required to use a maximum of 0.75 percent of employment grant funds for One-Stop Infrastructure which will gradually increase to a maximum of 1.5 percent after five years.

PROPOSED SOLUTION

The requested increase in GF-State funding of \$1,619,000, combined with the GF-State funds currently appropriated to VR, will enable VR to earn/match the full \$100,000,000 in available federal employment grant funds. Without the requested increase in GF-State funding, VR will be unable to earn \$7,894,000 of the \$100,000,000 in available federal funds. VR will utilize approximately 50 percent of these funds for direct client employment services, 40 percent for costs associated with providing VR services (VR counselor wages, office space, etc.) and 10 percent for administrative costs. Detailed information can be found in the VR State Plan as approved by VR’s Federal partner, Department of Education, Rehabilitation Services Administration.

By funding this request, the maximum number of people with disabilities will receive VR services. If unfunded, VR will face a large reduction to the program of \$19,850,000 in unmatched grant funds and maintenance of effort penalties. This represents 33 percent of VR’s client Service budget or 16 percent of VR’s total budget.

EXPECTED RESULTS

During federal Fiscal Year 2015, VR determined people with disabilities eligible for employment services with the following disabilities and age groups:

Disability Group	Percentage of People Determined Eligible for VR Services
Mental Health Illness	35%
Cognitive Impairments	34%
Mobility Impairment	15%
Deaf, Hard of Hearing, Blind, Deaf Blind	8%
Other Disability	8%

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Age Group	Percentage of People Determined Eligible for VR Services
14-21	18%
22-30	22%
31-40	18%
41-50	18%
51-60	19%
>60	5%

During the 2017-19 Biennium VR expects to:

- Receive 22,000 new applications;
- Determine 19,580 people eligible for VR services;
- Develop 10,800 employment plans; and,
- Successfully employ 6,000 people with disabilities.

Benefit:

- The average monthly wage for a person with a disability prior to receiving VR services is \$326 compared to \$1,448 after VR services. This is an average increase of 343 percent
- People who are rehabilitated and successfully employed move toward self-sufficiency, pay taxes, and contribute to the productivity and resilience of the economy.
- VR will purchase \$65,000,000 in employment services from VR approved Community Rehabilitation Programs such as Goodwill and public and private vendors which will contribute to the economy.
- People with disabilities are empowered to achieve greater independence through employment.

VR collaborates with many state, local, and county programs who also serve people with disabilities to ensure all services are provided in a manner designed to promote personal, economic, and social stability working toward attainment of self-sufficiency. These programs are coordinated to facilitate the transitioning of people with disabilities from one program to another in a progression of services.

STAKEHOLDER IMPACT

This proposal is expected to have support from VR stakeholders. Stakeholders include clients, families, advocacy organizations, other DSHS programs who also serve VR clients, counties, Behavior Health, Governor’s committee on Disability Issues and Employment, Developmental Disabilities Council, Mental Health Council, Workforce Investment Partners, Washington State Rehabilitation Council, State Independent Living Council, Client Assistance Program, Washington State Business Leadership Network, Disability community/advocates, Community Rehabilitation Providers such as Goodwill, and the federal partner Rehabilitation Services Administration.

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OTHER CONNECTIONS

Performance Outcomes/Important Connections

1. Does this DP provide essential support to one or more of the Governor’s Results Washington priorities?

VR is a contributor to the Results Washington’s Goal Area number 2: Prosperous Economy. VR supports the leading indicator under the goal topic of “Thriving Washingtonians, Quality Jobs: Increase employment rate for people with disabilities.”

2. The decision package meets the following DSHS’ strategic objectives:

5.2: Rehabilitate the maximum number of DVR-eligible individuals that available resources will support.

5.3: DVR services will be efficient, effective, and will exceed customers' expectations. These services will support meaningful labor market engagement, promoting customers' self-sufficiency, independence, and self-actualization.

3. Identify other important connections or impacts below. (Indicate ‘Yes’ or ‘No’. If ‘Yes’ identify the connections or impacts related to the proposal.)

- a) Regional/County impacts? Yes
- b) Other local government impacts? Yes
- c) Tribal government impacts? Yes
- d) Other state agency impacts? Yes
- e) Responds to specific task force, report, mandate or executive order? No
- f) Does request contain a compensation change or require changes to a Collective Bargaining Agreement? No
- g) Facility/workplace needs or impacts? No
- h) Capital budget impacts? No
- i) Is change required to existing statutes, rules or contracts? No
- j) Is the request related to litigation? No
- k) Is the request related to Puget Sound recovery? No
- l) Other important connections? No

4. Please provide a detailed discussion of connections/impacts identified above.

VR collaborates and coordinates services with many state, local, tribal, and county programs who also serve people with disabilities to assure all services are provided to promote personal, economic and social stability working toward

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attainment of self-sufficiency. These programs are coordinated to enhance and not supplant funds so that people with disabilities transition from one program to another in a progression of services.

VR provides services to other DSHS clients subsequent to placing people into community based programs and migrating off of public assistance. Approximately 5,000 VR clients are receiving assistance from other programs in DSHS. The client services that VR purchases from community based programs and providers generate state revenues and fees, and help offset the costs of other state programs within DSHS, the Employment Security Department, Institutions of Higher Education, K-12 Secondary Education as well as county and Behavioral Health Organizations (BHOs).

VR provides services which contribute to the success of county Developmental Disabilities programs and Behavioral Health Organizations that provide pre-employment services and long term employment supports for people who require Supported Employment services. VR coordinates service delivery with these programs by providing job placement and retention services. This allows counties and BHOs to use their resources to provide the long term employment support that clients need after VR services.

Clients transitioning from other DSHS programs as well as community partners and other state agencies into employment within community based settings would be impacted by maintaining their dependence on public assistance.

Alternatives/Consequences/Other

5. What alternatives were explored by the agency, and why was this alternative chosen?

Local funding could be used as match; however, this practice has not been successful in the past. Local funding provided by counties and BHO's required VR to give preferential treatment to these specific disability groups or agency referrals. In addition, counties and BHO's have no incentive to provide local dollars and VR cannot meet the expectations for priority services through inter-agency referrals.

6. How has or can the agency address the issue or need within its current appropriation level?

Current carry forward level does not provide sufficient appropriation to meet the required state match and maintenance of effort requirements.

7. Does this decision package include funding for any IT-related costs (hardware, software, services, cloud-based services, contracts or IT staff)?

- No**
- Yes (Include an IT Addendum)**

Fiscal Detail**100 - M2 - JA - Maximize Federal Funding**

Operating Expenditures	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
001-1 General Fund-State	1,106,000	512,000	512,000	512,000
001-2 General Fund-Federal	5,338,000	2,556,000	2,556,000	2,556,000
Total Cost	6,444,000	3,068,000	3,068,000	3,068,000
Staffing	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
FTEs	0.0	0.0	0.0	0.0

Performance Measure Detail

Activity:	Incremental Changes			
	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Program: 100				
J105 Vocational Rehabilitation Direct Client Services	0	0	0	0
No measures submitted for package				

Object Detail

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
N Grants, Benefits, and Client Services	6,444,000	3,068,000	3,068,000	3,068,000
Total Objects	6,444,000	3,068,000	3,068,000	3,068,000

DSHS Source Detail**Overall Funding**

Operating Expenditures	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Fund 001-1, General Fund-State				
Sources Title				
0011 General Fund State	1,106,000	512,000	512,000	512,000
Total for Fund 001-1	1,106,000	512,000	512,000	512,000
Fund 001-2, General Fund-Federal				
Sources Title				
126F Rehabilitation Svs - Basic Supp (A) (78.7%)	5,338,000	2,556,000	2,556,000	2,556,000
Total for Fund 001-2	5,338,000	2,556,000	2,556,000	2,556,000
Total Overall Funding	6,444,000	3,068,000	3,068,000	3,068,000

**2017-19 Biennial Budget
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	State Year 2018		State Year 2019		Totals		
Grant	GFS	Federal	GFS	Federal	GFS	Federal	Grant Totals
Basic Support FFY17	\$13,153,494	\$20,000,000			\$13,153,494	\$20,000,000	\$33,153,494
Basic Support FFY18	\$1,000,000	\$29,900,000	\$12,505,337	\$20,000,000	\$13,505,337	\$49,900,000	\$63,405,337
Basic Support FFY 19			\$1,000,000	\$29,900,000	\$1,000,000	\$29,900,000	\$30,900,000
					\$0	\$0	\$0
Ind Living FFY 18	\$38,000	\$340,000			\$38,000	\$340,000	\$378,000
Ind Living FFY 19			\$39,000	\$345,000	\$39,000	\$345,000	\$384,000
					\$0	\$0	\$0
Supp Emp FFY 18	\$25,000	\$450,000			\$25,000	\$450,000	\$475,000
Supp Emp FFY 19			\$25,000	\$450,000	\$25,000	\$450,000	\$475,000
					\$0	\$0	\$0
Social Security Reimb. 18		\$2,500,000			\$0	\$2,500,000	\$2,500,000
Social Security Reimb. 19				\$2,500,000	\$0	\$2,500,000	\$2,500,000
					\$0	\$0	\$0
Non-match state funds (PP Bi Recoveries, LMS, Spec Prog)	\$200,000		\$200,000		\$400,000	\$0	\$400,000
Indirects earned from other programs					\$0	\$0	\$0
					\$0	\$0	\$0
Projected Grant Expenditures	\$14,416,494	\$53,190,000	\$13,769,337	\$53,195,000	\$28,185,831	\$106,385,000	
Carry Forward Level	\$13,310,000	\$47,852,000	\$13,257,000	\$50,639,000	\$26,567,000	\$98,491,000	
Appropriation Adjustment Needed	(\$1,106,000)	(\$5,338,000)	(\$512,000)	(\$2,556,000)	(\$1,618,000)	(\$7,894,000)	(\$9,512,000)