

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

Submittal: 2015-17 Final 2017 Sup

Budget Period: 2015-17

SUMMARY

Rehabilitation Administration, Vocational Rehabilitation (VR) requests \$11,510,000 in federal appropriation authority to cover increased federal grant expenditures during Fiscal Year 2017. 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.

PROBLEM STATEMENT

VR's expenditure trends are increasing due to several unfunded mandates recently passed in the Workforce Innovation and Opportunity Act (WIOA). WIOA requires VR to set aside 15 percent of the Basic Support grant, or approximately \$7 million, to provide Pre-Employment Transition Services for students. While VR must set aside 15 percent of grant dollars for this purpose, federal law prohibits VR from reducing other services provided in the adult program. Federal law prohibits VR from placing dollar limits on services, or limiting the duration of services, or total services provided to an individual. VR has unspent federal grant funding dating back to Federal Fiscal Year 2014 that rolls forward each year. With the new WIOA requirements, VR must spend more of the unspent funding to serve clients than they have in recent years. The requested increase in federal authority will allow VR to spend unspent federal funding from prior years to meet the new program demands.

When VR is unable to serve all individuals who apply for VR services, due to a shortage of staffing or funding, VR is required to implement a federally mandated waitlist or an "order of selection" (OOS). If this request is not funded, VR will enter OOS. Under OOS, individuals are served in order first by their severity of disability and second by their application date. When entering a wait list, VR must assure sufficient funding to process all applications for VR services, complete the eligibility determination, and serve all individuals who are in an individualized employment plan. Once an individual is determined eligible, they will wait until resources become available to serve them. It is also possible, due to the expected increase in expenditures, that the unused federal grant funding from prior years could be fully expended in two to three years. This too could force VR into an Order of Selection (OOS).

PROPOSED SOLUTION

Funding VR with \$11.5 million in Federal appropriation authority will allow the program to spend the necessary federal grant dollars and provide continued services.



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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EXPECTED RESULTS

- The average cost to rehabilitate an individual is approximately \$6,800. \$11.5 million will allow VR to rehabilitate 1,691 individuals.
- 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 while 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 our 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

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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 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?

VR requires Federal authority in order to draw down federal grant authority.

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

The request cannot be absorbed within existing resources since VR cannot spend available federal Basic Support Grant funds because VR's federal expenditure authority is not sufficient.

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 - JC - Maximize Federal Funding**

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
001-1 General Fund-State	0	0	1,106,000	512,000
001-2 General Fund-Federal	0	11,510,000	5,338,000	2,556,000
Total Cost	0	11,510,000	6,444,000	3,068,000

Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
FTEs	0.0	0.0	0.0	0.0

Performance Measure Detail

Activity:	Incremental Changes			
	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Program: 100				
J105 Vocational Rehabilitation Direct Client Services	0	0	0	0
No measures submitted for package				

Object Detail

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
N Grants, Benefits, and Client Services	0	11,510,000	6,444,000	3,068,000
Total Objects	0	11,510,000	6,444,000	3,068,000

DSHS Source Detail**Overall Funding**

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Fund 001-1, General Fund-State				
Sources Title				
0011 General Fund State	0	0	1,106,000	512,000
Total for Fund 001-1	0	0	1,106,000	512,000
Fund 001-2, General Fund-Federal				
Sources Title				
126F Rehabilitation Svs - Basic Supp (A) (78.7%)	0	11,510,000	5,338,000	2,556,000
Total for Fund 001-2	0	11,510,000	5,338,000	2,556,000
Total Overall Funding	0	11,510,000	6,444,000	3,068,000

2017 Supplemental Budget
M2-JC Maximize Federal Funding

	State Fiscal Year 2016		State Fiscal Year 2017		Total		
Grant	GF State	Federal	GF State	Federal	GF State	Federal	Total
Basic Support FFY 14	178,805	737,330			178,805	737,330	916,135
Basic Support FFY15	12,227,633	38,252,842			12,227,633	38,252,842	50,480,475
Basic Support FFY16	175,430	8,480,182	12,705,731	54,200,000	12,881,161	62,680,182	75,561,343
Basic Support FFY 17			850,000	4,700,000	850,000	4,700,000	5,550,000
Ind Living FFY 15		157,607				157,607	157,607
Ind Living FFY 16	37,609	128,690		60,000	37,609	188,690	226,299
Ind Living FFY 17			37,000	244,000	37,000	244,000	281,000
Supp Emp FFY 15	2,454				2,454		
Supp Emp FFY 16	24,639	443,491			24,639	443,491	468,130
Supp Emp FFY 17			25,000	445,000	25,000	445,000	470,000
Social Security Reimb. 15		1,991,267				1,991,267	1,991,267
Social Security Reimb. 16				2,300,000		2,300,000	2,300,000
Social Security Reimb. 17				200,000		200,000	200,000
Non-match state funds (PP Bi Recoveries, LMS, Spec Prog)	160,000		160,000		320,000		320,000
Indirects earned from other programs	(450,000)		(450,000)		(900,000)	-	(900,000)
Projected Grant Expenditures	12,356,570	50,191,409	13,327,731	62,149,000	25,684,301	112,340,409	138,022,256
Carry Forward Level	12,400,000	48,317,000	13,353,000	50,639,000	25,753,000	98,956,000	124,709,000
Projected Over/Under	43,430	(1,874,409)	25,269	(11,510,000)	68,699	(13,384,409)	(13,313,256)