



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #848

Funding for Vocational Rehabilitation Case Service Aids (DWD)

[LFB 2009-11 Budget Summary: Page 691, #15]

CURRENT LAW

Under current law, the Division of Vocational Rehabilitation (DVR) within the Department of Workforce Development (DWD) is required to advise and assist any disabled individual who applies to DVR for vocational rehabilitation services. Disabled individuals apply for services and staff counselors arrange evaluations to determine eligibility and subsequent services for those deemed eligible. The primary source of funds for DVR rehabilitation services is federal Title I-B funds. Each year, the federal government allocates a certain amount of funds to each state. A match of 21.3% state funds to 78.7% federal funds is required to receive federal monies. DVR uses GPR case service and administrative funds to provide this match. Base funding for the state match for federal Title I-B funds is \$14,971,700 GPR and \$518,100 PR.

GOVERNOR

Decrease funding by \$189,400 GPR in 2009-10 and increase funding by \$74,000 GPR in 2010-11 for vocational rehabilitation case services for DVR. These funding levels reflect the effect of across-the-board and other funding reductions and the amount appropriated for case service aids.

DISCUSSION POINTS

1. Disabled individuals apply for services at a DVR field office (typically at a DWD job center) and staff counselors arrange medical, psychological, and vocational evaluations to determine eligibility and vocational rehabilitation needs. For those deemed eligible, the field staff develop individual rehabilitation plans (individualized plan for employment--IPE) and provide

guidance and counseling. Services provided under the IPE can include: (a) job-related services, including job search and placement assistance; (b) vocational training; (c) diagnosis and treatment of physical and mental impairments, including use of prosthetic and orthodontic devices, and eyeglasses and visual services; (d) transportation; (e) on-the-job or other related personal assistance services; (f) interpreter services; (g) technical self-employment assistance; (h) rehabilitation technology, including telecommunications; (i) job-related services to the family; and (j) specific post-employment services necessary to retain, regain, or advance in employment. The individual rehabilitation plans are designed to assist the person to become capable to compete in the labor market, practice a profession, be self-employed, raise a family and make a home, and participate in sheltered employment or other gainful work. DVR counselors purchase required services and material for individual clients from local vendors.

2. The primary source of funds for DVR rehabilitation services is federal Title I-B funds. Each year the federal government allocates a certain amount of funds to each state. As noted, a match of 21.3% of state funds to 78.7% federal funds is required to receive federal monies. A state must provide the required amount of matching funds or it will not receive its total allotment for that year. This funding is used to provide services to disabled individuals and to cover administrative expenses. The overall federal Title I-B allocation is authorized an annual increase in funding equal to the percentage change in the consumer price index (CPI). Additional funding in excess of the CPI percentage increase may also be provided. The federal funds are then allocated among states based on a formula, which is, in part, population-based. The total amount of Title I-B funds allocated to Wisconsin for federal fiscal year 2009 is \$57,088,852.

3. Each increase in federal funds requires a corresponding increase in state matching funds to draw down the increase in federal funds. State matching funds are provided through GPR and program revenue funds. According to DWD, 2008-09 base funding amounts available for state matching funds are \$14,971,700 GPR and \$582,800 PR. Program revenue funds include gifts and grants in the form of small donations from private citizens and \$350,000 in American Indian gaming compact monies for vocational rehabilitation services for Native Americans.

4. AB 75 includes a number of provisions that would affect the amount of GPR and PR case service matching funds provided by the state. One provision in the bill would increase GPR case service aids by \$319,900 in 2009-10 and \$583,300 in 2010-11. However, across-the-board and specified budget reductions, including salaries, LTE funding, fringe benefits, supplies and services, and aids, would reduce case service aids funding by \$509,300 GPR and \$9,700 PR annually. In addition, standard budget adjustments have the net effect of reducing funding for case service aids. DWD estimates that, under the provisions of AB 75, state matching funds for vocational rehabilitation case service aids would be \$14,938,400 GPR and \$346,500 PR in 2009-10, and \$15,201,800 GPR and \$346,500 PR in 2010-11.

5. The following table shows the projected federal Title I-B vocational rehabilitation case services grants to Wisconsin and the state matching funds provided under AB 75. The table shows that total state matching funds were insufficient in 2008-09 to provide a match for the entire federal grant. In addition, funds appropriated under Assembly Bill 75 would be insufficient to

match the entire federal grant allocated in the state in fiscal years 2009-10 and 2010-11. The state would be unable to match projected federal funding of \$2,497,700 in 2009-10 and \$3,470,600 in 2010-11. Additional GPR case service aids funding of \$676,000 GPR in 2009-10 and \$939,300 GPR in 2010-11 would provide the state match sufficient to capture these federal funds. This would essentially offset the impact of the across-the-board and specified budget reductions on state GPR case service aids.

Federal Vocational Rehabilitation Grants and State Matching Funds Under AB 75

<u>State Fiscal Year</u>	<u>Federal Grants</u>	<u>Total Required Match</u>	<u>GPR and PR Matching Funds</u>	<u>Match Gap</u>
2009	\$57,088,900	\$15,451,000	\$15,321,700	-\$129,300
2010	58,972,800	15,960,900	15,284,900	-676,000
2011	60,918,900	16,487,600	15,548,300	-939,300

6. Under federal law, if DVR services cannot be provided to all eligible individuals with disabilities in the state who apply for the services, the state plan must: (a) show the order to be followed in selecting eligible individuals to be provided vocational rehabilitation services; (b) provide the justification for the order of selection (OOS); (c) include an assurance that, in accordance with criteria established by the state for the order of selection, individuals with the most significant disabilities will be selected first for the provision of vocational rehabilitation services; and (d) provide that eligible individuals who do not meet the order of selection criteria must have access to services provided through an information and referral system.

When an individual is found eligible for vocational rehabilitation services, an order of selection determination is completed. The individual's order of selection priority category is determined jointly by the counselor and individual by evaluating the individual's functional limitations, anticipated required services, and the duration of those services. DVR establishes a wait list of individuals who are eligible, but cannot be served due to lack of resources. When DVR determines it has adequate resources to serve more individuals on the waiting list, activations are made based on the category (individuals with the most significant disabilities are served first) and date of application.

There are three order of selection categories. Category 1 includes persons with a most significant disability. An individual has a most significant disability if a severe mental or physical impairment exists that seriously limits three or more functional capacities in terms of an employment outcome and their vocational rehabilitation requires multiple services over an extended period of time. Category 2 includes persons with significant disabilities. An individual has a significant disability if a severe mental or physical impairment exists that seriously limits one or more functional capacities in terms of an employment outcome, and their vocational rehabilitation requires multiple services over an extended period of time. A social security disability insurance (SSDI) or supplemental security income (SSI) recipient is automatically considered to be, at least, an individual with a significant disability. Category 3 is for all other

persons eligible for DVR services--those who do not have a disability that seriously limits one or more functional capacities and do not require multiple services over an extended period of time. "Multiple services" are two or more primary services needed to achieve a successful rehabilitation outcome. "Extended period of time" is defined as needing vocational rehabilitation services for six months or more, with a 90-day follow-up after achieving a successful rehabilitation outcome.

7. At the beginning of May, 2009, the DVR order of selection wait list was 4,077. All of the individuals remaining on the wait list are in OOS Category II. The Department estimates that under the provisions of AB 75, the wait list would not be reduced.

8. At the April 13, 2009, meeting under s 13.10 of the statutes, the Joint Committee on Finance approved the allocation of \$5.0 million in American Recovery and Reinvestment Act (ARRA) federal Title I-B vocational rehabilitation aids to DVR to provide services to disabled individuals. The additional federal funds do not require a state match. DWD indicates that the additional funds would allow DVR to activate approximately 2,500 individuals from the wait list during the 12 months following receipt of ARRA funds. If additional GPR case service aids funding was provided to fully match federal Title I-B grants, the combination of state and federal funds would result in approximately 790 additional individuals served in 2009-10, and an estimated additional 1,600 individuals served in 2010-11.

ALTERNATIVES

1. Approve the Governor's recommendation to provide state matching funds for vocational rehabilitation case service aids of \$14,938,400 GPR and \$346,500 PR in 2009-10, and \$15,201,800 GPR and \$346,500 PR in 2010-11.

2. Modify the Governor's recommendation to provide additional vocational rehabilitation case service aids of \$676,000 GPR in 2009-10 and \$939,300 GPR in 2010-11

ALT 2	Change to Bill Funding
GPR	\$1,615,300
FED	<u>5,968,300</u>
Total	\$7,583,600

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