

**Department of Human Services
2009-11 Policy Option Package**

Division Name: Children Adults and Families

Program Name: Office of Vocational Rehabilitation Services

Policy Option Package Initiative: Seniors and people with disabilities live safely and independently in their communities.

Policy Option Package Title: OVRS Client Service Cost

Policy Option Package Number: POP 113

Related Legislation:

Summary Statement:

The Office of Vocational Rehabilitation Services (OVRs) is requesting funding to cover an expected shortfall in case service funds. This package will allow OVRs to continue serving all who are eligible rather than limiting its services based upon level of disability severity. OVRs has seen a continued increase in caseload, which is expected to continue to grow at 5 percent, and an increase in the cost per case, which is expected to grow at 8 percent. This would result in the need for \$51,531,000 case service dollars. Also, if OVRs is forced to limit its services (a process known as an “order of selection”), it would jeopardize third party agreements which provide \$2.4 million in matching funds.

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

This funding would allow OVRs to address a projected shortage of case service dollars to meet the forecasted need. Based on 09-11 forecasts, the caseload is expected to grow 5 percent or 473 cases over the forecasted 07-09 average. Cost-per-case is expected to grow 8 percent, \$16.60 per-case per-month, resulting in the need for \$51,531,000 case service dollars. Additional case service dollars will also support OVRs efforts to insure individuals who are underserved or not served based on disability, ethnic, linguistic or cultural factors have access to culturally sensitive services and that they obtain employment outcomes consistent with agency’s overall performance. The amount of state general fund may be reduced in the event that the Rehabilitation Services Administration has reallocation dollars available that OVRs can match on a 4 to 1 ratio.

2. WHY DOES DHS PROPOSE THIS POP?

If OVRS is unable to serve all individuals who are eligible for services it must invoke an order of selection. The order of selection requires the program to determine the level of severity for each individual seeking services and waitlist individuals on the basis of the disability. Those with the most significant disabilities are served first. An order of selection jeopardizes the third party agreements that OVRS has with local school districts that provide \$2,459,603 million in match dollars to pull down in federal match.

3. HOW DOES THIS FURTHER THE AGENCY'S MISSION OR GOALS?

This POP addresses the Department's and OVRS' missions to assist individuals to become independent.

4. IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?

This POP is tied to Key Performance Measure 10000-1, Percentage of Office of Vocational Rehabilitation Services (OVRS) consumers with a goal of employment that are employed.

5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No, it does not.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

OVRs considered utilizing Social Security reimbursement payments. Based on past history it would be prudent to budget up to one million dollars to augment OVRs' budget. It should be noted that these dollars can be highly variable and current reimbursements include old claims which results in a one-time increase in dollars. The agency could enter into an order of selection but this was ruled out because of the impact it would have on obtaining match dollars from third parties.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

Failing to fund this POP would significantly increase the likelihood that OVRs would go into an order of selection. This would compromise our ability to use third party agreements which provide \$2,459,603 in match funds.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

AMH and ODDS subcontractors partner with OVRs in the provision of supported employment services with OVRs funding the initial services that result in employment. On hundred and fifteen local school districts serving 1,374 transition age students have third party agreements with OVRs that provide funding for transition services as well as client services dollars to the program. Eight centers for independent living programs have contractual agreements with OVRs which augment their base funding.

9. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

In developing this POP it was assumed that OVRS will not receive the \$2.5 M GF in the special reserve fund that would allow it to match \$8.9 M in FF. In the absence of this assumption, the need for GF in 09-11 would change in the following ways. The current request does not include the \$1M in Social Security reimbursement dollars. It should be noted that these are FF funds and can not be used for match.

Implementation Date(s): July 1, 2009

End Date (if applicable): _____

a. Will there be new responsibilities for DHS? Specify which division(s) and describe their new responsibilities. No.

- | | |
|--|---|
| <input type="checkbox"/> Administrative Services | <input type="checkbox"/> Addictions and Mental Health |
| <input type="checkbox"/> Children, Adults and Families | <input type="checkbox"/> Public Health |
| <input type="checkbox"/> Division of Medical Assistance Programs | <input type="checkbox"/> Seniors and People With Disabilities |

b. Will there be new administrative impacts sufficient to require additional funding? Specify which office(s) and describe how it will be affected. No.

- | | |
|---|--|
| <input type="checkbox"/> Human Resources | <input type="checkbox"/> Payment Accuracy and Recovery |
| <input type="checkbox"/> Information Security/Privacy | <input type="checkbox"/> Investigations and Training |
| <input type="checkbox"/> Document Management | <input type="checkbox"/> Facilities |
| <input type="checkbox"/> Audit and Consulting | <input type="checkbox"/> Contracts and Procurement |
| <input type="checkbox"/> Information Services (computers) | <input type="checkbox"/> Budget, Planning and Analysis |
| <input type="checkbox"/> Financial Services (accounting) | <input type="checkbox"/> DHS Office of Communications |

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

This would allow OVRS to serve the projected case load from the spring 2008 forecast.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

No.

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

There are no start up costs.

f. **What are the ongoing costs?**

OVRS has seen a continued increase in the cost per case as well as a growth in client case load. The spring 2008 Forecast shows a 5 percent growth in client case load over the 07-09 projected average case loads. In addition the cost per case continues to increase. In the Budget process for 07-09 Vocational Rehabilitation took a 10 percent reduction to client service dollars. This reduction resulted in the average cost per case being budgeted at \$144.62 when the actual average cost per case at the end of 05-07 was \$186.89. The spring 2008 forecast for case load and projected costs for 07-09 show that the average cost per case for 07-09 will be \$205.90. Based on the projected costs for 2009-2011 the average cost per case is \$222.50. This cost per case would be a 53.9 percent increase over the current Essential Budget Level, and an 8 percent increase over the projected average cost per case for 2007-2009. VR has seen continued cost increases in the cost of assessments, rehabilitative/assistive technology and interpreter services. These client services have shown a 10 percent increase in rehabilitative/assistive technology, and a 39 percent increase in assessment and interpreter services cost from 03-05 to 05-07. State Fiscal Year 07 to 08 has shown a 45.8 percent increase in rehabilitative/assistive technology and 22.7 percent increase in assessment cost with interpreter services increasing by 28.9 percent.

Using the spring 2008 forecast for average case load for BI 09-11 and the average cost per case for BI 09-11 VR would need \$51,531,000 to serve the projected client base. The Essential Budget Level for VR going into the BI 09-11 budget is \$32,080,560. This calculates to a \$19,450,440 shortfall in client service dollars. Since VR has reached its maximum federal dollars based on the Essential Budget Level this POP asks for General Fund backfill to meet the client service needs.

g. What are the potential savings?

There will be an increase in the amount of employed disabled persons in the state resulting in increased tax revenue and some level of decrease in public assistance programs.

h. Based on these answers, is there a fiscal impact?

Yes.

i. What are the sources of funding and the funding split for each one? Include grant names and fund type, such as “Medicaid, General and Federal Funds.”

General Fund