



UTAH STATE OFFICE OF REHABILITATION

FEDERAL FUNDS

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: STEPHEN JARDINE

ISSUE BRIEF

SUMMARY

Utah Code Annotated, Section 63J-5-201 states, "The Legislative Fiscal Analyst shall submit a federal funds request summary for each agency to the legislative appropriations subcommittee responsible for that agency's budget for review during each annual general session. Each legislative appropriations subcommittee shall review the federal funds request summary and may recommend that the agency accept the federal funds or participate in the federal program for the fiscal year under consideration or recommend that the agency not accept the federal funds or not participate in the federal program for the fiscal year under consideration." The Utah State Office of Rehabilitation (USOR) anticipates no increase in its federal funds for FY 2013. The USOR FY 2013 budget includes a total of \$67,039,400 in federal funds. The USOR FY 2014 budget request includes \$67,039,400 of federal funds. \$50,382,800 of this amount is in the Rehabilitation Services program and \$12,103,400 in the Disability Determination program. The estimate of these federal funds is subject to any subsequent actions taken by the Legislature with regard to reductions in state appropriations.

LEGISLATIVE ACTION

The analyst recommends:

1. The Subcommittee allow the Utah State Office of Rehabilitation to accept the federal funds shown in tables 1 and 2 on page 3 in this brief and direct the fiscal analyst to include these federal funds and associated federal programs in the annual appropriations acts.

FY 2013 OVERVIEW

The Utah State Office of Rehabilitation requests additional FY 2013 federal funds authorization of \$7,000,000. This request is to address the anticipation of re-allotment funds for the Rehabilitation Basic Support Grant. With the additional authorization, the USOR FY 2013 budget will include a total of \$67,039,400 in federal funds.

FY 2014 OVERVIEW

The Utah State Office of Rehabilitation is requesting FY 2014 authorization associated with 8 separate grants totaling \$67,039,400. The \$67,039,400 request is made up of:

1. The Rehabilitation Services program for grants totaling \$50,382,800,
2. The Disability Determination program for grants totaling \$12,103,400,
3. The Blind and Visually Impaired program for grants totaling \$3,485,700, and
4. The Executive Director for grants totaling \$1,067,500.

Of the total FY 2014 estimated federal funds of \$67,039,400, 96 percent is made up of two grants: 1) the Rehabilitation Basic Support Grant (78 percent) and 2) the Disability Determination Services grant (18 percent). The estimate of these federal funds is subject to any subsequent actions taken by the Legislature with regard to additions or reductions in state appropriations.

THE FUTURE OF FEDERAL FUNDS OVER THE NEXT TWO YEARS

"The "fiscal cliff," a series of federal tax increases and spending cuts set to occur in January 2013, looms large in current fiscal policy debates. Discussions about the effect of the \$491 billion in tax increases and spending cuts included in the fiscal cliff have focused on the national budget and economy. But federal and state finances are closely intertwined, and

federal tax increases and spending cuts will have consequences for states' budgets. There is a great deal of uncertainty about whether any or all of the policies in the fiscal cliff will be addressed temporarily or permanently, individually or as a package. . . . The scheduled spending cuts also would have a significant impact on states. Federal grants to the states constitute about one third of total state revenues, and federal spending affects states' economic activity and thus their amount of tax revenues" ([The Impact of the Fiscal Cliff on the States](#), the Pew Center on the States, November, 2012, pp. 2-3). Sequestration, or the practice of using mandatory spending reductions to balance the federal budget, consists of only \$54 billion of the total \$491 billion referred to as the 'fiscal cliff' ([The Impact of the Fiscal Cliff on the States](#), p. 7). In an update, the Pew Center on the States stated, "Congress averted the much-feared "fiscal cliff" late Tuesday (January 1), passing a legislative package that will be signed by President Obama. The deal answered a few burning questions for state governments, but many still linger. . . . By delaying but not addressing the automatic \$1.2 trillion in across-the-board spending cuts the cliff entailed, Congress left states with little clue about how much their share of federal revenue will shrink this year" ([Cliff Deal Answers a Few Questions for States](#), *Stateline – the Daily News Service of the Pew Center on the States*, January 2, 2013).

USOR, THE FEDERAL FUNDS PROCEDURES ACT UCA 63J-5, AND THE 25% EXCESS REQUIREMENT

The [Federal Funds Procedures Act](#) governs the initial authorization or re-authorization of federal grants. [63J-5-205](#) (*Federal funds awards that exceed approved appropriations*) states:

Each agency that receives federal funds greater than the amount approved through the process provided for in this chapter may, using those excess funds, expend up to 25% in excess of the of the amount approved if:

- (1) receipt or use of the excess federal funds will not require the addition of one or more permanent full-time employees or permanent part-time employees;
- (2) no new state money will be required to match the excess federal funds; and
- (3) receipt or use of the excess federal funds will not require the state to comply with new requirements or conditions in order to receive the federal funds or to participate in the federal program.

In FY 2012 USOR exceeded the 25 percent limit by spending 32 percent more than the Legislature authorized. USOR was under the mistaken assumption that it did not need to request Legislative authorization for re-allotment funds associated with its basic vocational rehabilitation grant. USOR has now included an estimate for these re-allotment funds in both its FY 2013 and FY 2014 federal funds request to correct the error.

USOR typically receives each year in August re-allotment funds from the federal Rehabilitation Services Administration (RSA). USOR states, "In July and August States who can't match their allotment of Basic Support Grant funds return them to the treasury and RSA. On or near August first of each year, states who can, are given the option of requesting Re-Allotment Funds that have been returned by other states. There is, however, only a 15 day window in which to request these funds. The deadline for submitting a re-allotment request is August 15th." These re-allotment funds have been approximately \$6 million for the past three years.

UTAH STATE OFFICE OF REHABILITATION FY 2013 FEDERAL FUNDS REQUEST FOR AUTHORIZATION

The following table shows the Utah State Office of Rehabilitation federal assistance request for Fiscal Year 2013. The estimate of these federal funds is subject to any subsequent actions taken by the Legislature with regard to reductions or increases in state appropriations.

Federal Funds Request Summary for State FY 2013															
July 1, 2012 through June 30, 2013															
Grant Title	CFDA Number	ARRA mark "X"	Federal Annual Award	Annual Match Requirement							% Pass-Through	New Permanent Staff	Notes/In Kind Source/Fed Requirements		
				Matching State Funds											
				General Fund	Dedicated Credits	Restricted Funds	Other Funds	In Kind	Maint. Of Effort	Total State Match	Local/Other				
UTAH STATE OFFICE OF REHABILITATION															
1	Rehab Basic Support Grant	84.126a		\$7,000,000	\$0	\$0	\$0	\$1,894,500	\$0	\$0	\$1,894,500	\$0	0%	0.00	
Division/Program Totals:				\$7,000,000	\$0	\$0	\$0	\$1,894,500	\$0	\$0	\$1,894,500	\$0	0%	0.00	

Table 1

UTAH STATE OFFICE OF REHABILITATION FY 2014 FEDERAL FUNDS REQUEST FOR AUTHORIZATION

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UTAH STATE OFFICE OF REHABILITATION														
1	Rehab Basic Support Grant	84.126a		\$51,948,000	\$0	\$0	\$0	\$0	\$11,274,400	\$11,274,400	\$0	0%	0.00	
2	Disability Determination Services	96.008		\$12,103,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	0.00	
3	Social Security	None		\$1,899,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	0.00	
4	Independent Living Older Blind	84.177		\$301,300	\$25,000	\$0	\$0	\$0	\$0	\$25,000	\$0	86%	0.00	
5	Utah Work Incentive Project	96.008		\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	0.00	
6	Supported Employment	84.187		\$311,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	0.00	
7	Independent Living Older Blind	84.169		\$312,400	\$34,700	\$0	\$0	\$0	\$0	\$34,700	\$0	86%	0.00	90/10 match with state funds.
8	Rehab In-service	84.265		\$63,200	\$8,300	\$0	\$0	\$0	\$0	\$8,300	\$0	0%	0.00	88.37/11.63 match with state funds
Division/Program Totals:				\$67,039,400	\$68,000	\$0	\$0	\$0	\$11,274,400	\$11,342,400	\$0	1%	0.00	

Table 2

APPENDIX A – EXPLANATION OF FEDERAL FUNDS

Utah State Office of Rehabilitation:

- **Vocational Rehabilitation Basic Support Grant – 84.126a - \$51,948,000 (\$7,000,000 additional in FY 2013)** - The purpose of this funding is to assist eligible individuals with disabilities to achieve gainful employment. Services are available according to the individual needs, abilities, capabilities and informed choice. Services include but are not limited to: vocational rehabilitation counseling and guidance, physical and mental restoration, training services, assistive technology, maintenance and transportation, placement services, and other goods and services needed by the individual to achieve an employment outcome. The matching ratio for this grant is 78.7 percent federal to 21.3 percent state. There is included in this grant an estimate for the federal re-allocation of \$7,000,000. (34 CFR 361.1; 34 CFR 361.60)
- **Disability Determination Services – 96.008 - \$12,103,400** – This is a state administered federal program that develops, adjudicates, and processes disability claims of Utah residents for Social Security benefits, including Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI). No match is required for this grant. The grant is 100 percent federal funds. (UCA 53A-24-501)
- **Social Security Trust Fund – n/a - \$1,899,600** – This is reimbursement that comes back to the agency on a case by case basis for clients who were on SSDI or SSI, were successfully placed into employment by the Vocational

Rehabilitation Program, and eventually earned enough to get off of benefits. This reimbursed money can only be used for programs under Title I, VI and VII of the federal *Rehabilitation Act*, as amended. (34 CFR 361.63)

- **Independent Living – 84.177 - \$304,300** – This is a grant that is passed through and allocated to the six Independent Living Centers in Utah. The matching ratio for this grant is 90 percent federal to 10 percent state. (34 CFR 364.1)
- **Utah Work Incentive Project – 96.008 - \$100,000** - This Social Security Administration funding provides a work incentive planning assistance specialist position. This position assists people on SSI/SSDI in making sure they understand all the incentives available to them if they go to work and also the impact earnings will have on a person's benefits.
- **Supported Employment – 84.187 - \$311,500** - This is funding that is specific to Supported Employment and may not be used for any other purpose. The grant is 100 percent federal with no state match required. (34 CFR 363.1)
- **Independent Living – Older Blind – 84.169 - \$312,400** – This is a grant that provides independent living services to people who are age 55 or older and are blind or severely visually impaired. It is a cooperative effort between DSBVI and the Independent Living Centers throughout Utah. The matching ratio is 90 percent federal and 10 percent state.
- **Rehabilitation In-service Training – 84.265 - \$63,200** - This funding is a competitive grant on a 5 year cycle, with annual review and outcome reporting requirements. Its purpose is to maintain/increase professional expertise of staff. The matching ratio for this grant is 90 percent federal and 10 percent state. (34 CFR 388.1).