



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 an increase in federal funds of \$3,160,100 for FY 2016 and total federal funds of \$62,656,000 for FY 2017. \$61,265,600 of the current FY 2017 estimated federal funds appropriation amount, or 98 percent is in the Rehabilitation Services program (\$34,285,100), the Disability Determination program (\$16,083,200), and the Promise (Aspire) grant (\$10,897,300). 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. After review, the Subcommittee allow the Utah State Office of Rehabilitation to accept the federal funds shown in tables 2 and 3 on pages 2 and 3 in this brief and direct the Fiscal Analyst to include these federal funds and associated federal programs in the annual appropriations acts.

FY 2016 OVERVIEW

USOR anticipates an increase in federal funds of \$3,160,100 for FY 2016. The USOR FY 2016 authorized budget includes a total of \$60,242,400 in federal funds without this additional request.

FY 2017 OVERVIEW

The Utah State Office of Rehabilitation is requesting FY 2017 authorization associated with 8 separate grants totaling \$62,656,000. The three largest grants making up 98 percent of the \$62,656,000 request include:

1. The Rehabilitation Services program for grants totaling \$34,285,100,
2. The Disability Determination program for grants totaling \$16,083,200, and
3. The ASPIRE grant totaling \$10,897,300.

Of the total FY 2017 estimated federal funds of \$62,656,000, 98 percent is made up of three grants: 1) the Rehabilitation Basic Support grant (55 percent) 2) the Disability Determination Services grant (26 percent), and the Promise (Aspire) grant (17 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.

FEDERAL RESERVES OVER THREE MONTHS FOR FY 2016

Table 1 below shows that USOR has no federal grants with three months or more of reserve of spending authority.

Federal Grants \$200,000 or Greater - Amount of Anticipated Reserves

Utah State Office of Rehabilitation

Division	Federal Grant Name	CFDA #	Cumulative Grant Authority through 9/30/15	Estimate of Grant Monies to be Received and Available as of 6/30/16	Authority through FY 2016	Amount in FY 2016 Budget Request	Reserve Spending Authority	# of Months of Reserves	Explanation
1	PBA/PBB/PBC Vocational Rehabilitation	84.126	11,500,000	24,190,617	35,690,600	35,690,617	(17)	0	
2	PBF ASPIRE	84.418	-	9,837,000	9,837,000	9,837,000	-	0	This is a multiple year award; the estimated budget for SFY16 only is represented here.
3	PBD Disability Determination Services	N/A	4,656,950	11,143,425	15,800,400	15,800,375	25	0	Initially, a budget estimate of \$12,366,000 was submitted to the GOMB in the Fall of 2014. Legislative appropriations were given totalling \$12,640,300. Subsequent to these events it was determined that the Disability Determination Services Division would have increased expenditures which were approved by and would be funded by the Social Security Administration. An additional budget estimate in the amount of \$3,160,075 was submitted for SFY16 to the GOMB in the Fall of 2015.
4	PBC Supported Employment	84.187	75,000	225,000	300,000	300,000	-	0	
5	PBC Independent Living - State	84.169	76,338	229,013	305,400	305,350	50	0	
6	PBC Independent Living - Older	84.177	56,250	168,750	225,000	225,000	-	0	
Totals						62,158,400	62,158,342	58	

Note: All funding above must be spent on approved activities as outlined in federal program requirements.

Table 1

USOR FY 2016 FEDERAL FUNDS REQUEST FOR AUTHORIZATION

The following table shows the Utah State Office of Rehabilitation federal assistance request for Fiscal Year 2016. 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.

Supplemental Federal Funds Request Summary for State FY 2016

July 1, 2015 through June 30, 2016

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	Disability Determination Services	96.001		\$3,160,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	0.00	The Social Security Administration has approved expenditures for SFY16 beyond our PY estimate/appropriation. The amount submitted here is the additional funding we expect during SFY16.
Division/Program Totals				\$3,160,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	0.00	
USOR TOTALS State FY 2016				\$3,160,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	0.00	

Table 2

UTAH STATE OFFICE OF REHABILITATION FY 2017 FEDERAL FUNDS REQUEST FOR AUTHORIZATION

The following table shows the Utah State Office of Rehabilitation federal assistance request for Fiscal Year 2017. 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 2017																
July 1, 2016 through June 30, 2017																
Grant Title	CFDA Number	ARRA mark "X"	Federal Annual Award	Annual Match Requirement								Local/Other	% Pass-Through	New Permanent Staff	Notes/In Kind Source/Fed Requirements	
				Matching State Funds							Total State Match					
				General Fund	Dedicated Credits	Restricted Funds	Other Funds	In Kind	Maint. Of Effort							
UTAH STATE OFFICE OF REHABILITATION																
1	Vocational Rehabilitation	84.126		\$34,285,100	\$0	\$0	\$0	\$0	\$0	\$0	\$11,200,000	\$11,200,000	\$0	0%	0.00	Match/MOE is from the Education Fund and is for FFY17
2	Disability Determination Services	96.001		\$16,083,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	0.00	
3	Social Security Reimbursement	N/A		\$450,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	0.00	
4	Supported Employment	84.187		\$300,000	\$16,700	\$0	\$0	\$0	\$0	\$0	\$16,700	\$16,700	\$0	0%	0.00	90/10 match with state funds for 1/2 of the grant
5	Independent Living - State Grants	84.169		\$305,400	\$33,900	\$0	\$0	\$0	\$0	\$0	\$33,900	\$33,900	\$0	0%	0.00	90/10 match with state funds
6	Independent Living - Older Blind	84.177		\$225,000	\$25,000	\$0	\$0	\$0	\$0	\$0	\$25,000	\$25,000	\$0	93%	0.00	90/10 match with state funds
7	Work Incentives Planning & Assistance	96.008		\$110,000	\$30,000	\$0	\$0	\$0	\$0	\$0	\$30,000	\$30,000	\$0	0%	0.00	90/10 match with state funds
8	ASPIRE	84.418		\$10,897,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	86%	0.00	
Division/Program Totals				\$62,656,000	\$105,600	\$0	\$0	\$0	\$0	\$0	\$11,200,000	\$11,305,600	\$0	15%	0.00	
USOR TOTALS State FY 2017				\$62,656,000	\$105,600	\$0	\$0	\$0	\$0	\$0	\$11,200,000	\$11,305,600	\$0	15%	0.00	

Table 3

There are no new grants reflected in tables 2 and 3 that were not previously authorized by the Legislature either during the 2015 General Session or by the Executive Appropriations Committee during the 2015 interim.

APPENDIX A: AGENCY GRANTS OVER \$1 MILLION – ANSWERS TO 4 BASIC QUESTIONS

For all federal grants over \$1,000,000, the Utah State Office of Rehabilitation provided answers to these four basic groupings of questions:

- 1) (a) Why does the State of Utah have this grant? (b) Did the department actively pursue the grant? (c) Is the grant for contracted work? (d) Is the grant a matching program?
- 2) If the State is doing contract work, please explain.
- 3) How does this grant further a state priority? Please cite the source of that state priority (statute, governor, agency head, etc.).
- 4) Is the work for this grant something we can turn over/back to the federal government?

The department’s answers to these questions for all grants over \$1,000,000 follows:

1. Grant: Rehabilitation Act Title I; Vocational Rehabilitation

Why do we have this grant?

With the establishment in 1921 of the joint State/Federal Vocational Rehabilitation partnership Utah began accepting the federal dollars and has done so annually for this program for the past 93 years

Did we pursue it?

The establishment of the Vocational Rehabilitation program was mutually agreed to with the enactment of the Rehabilitation Act of 1920, codified in Utah in 1921. All 50 states, the territories and many Native American tribes operate a federal partnership program of Vocational Rehabilitation

Is it for contracted work?

No.

Is it a matching program?

Yes. It is funded 21.3% State and 78.7% Federal.

If the state is doing contract work, please explain.

N/A

How does this grant further a state priority, and cite the source of that priority.

“It is the intent of the Legislature that all activities of the office and its subordinate components be conducted in such a manner that persons with disabilities will be assisted, so far as reasonably possible, to take their rightful place in open society as independent and self-supporting individuals (UCA 53A-24-110).” The VR program assists individuals with disabilities to achieve career goals and be self-sustaining. In Federal Fiscal Year 2014 3,699 individuals with disabilities were placed into careers through the Vocational Rehabilitation program, removing many from the roles of welfare receipt, increasing weekly wages almost 500%, and with a return on investment of \$5.64 for every \$1 of state allocation.

Is the work for this grant something we can turn over/back to the federal government?

No. There is no federal only Vocational Rehabilitation program operating. Since its inception, the program has been a State/Federal partnership, with federal funds allocated to states to run the VR program.

2. Grant: Disability Determination Services (DDS)

Why do we have this grant?

USOR uses this money to operate a program for adjudication of applicants for Social Security Administration disability benefits (SSDI and SSI). The money given to Disability Determinations Services is actually not defined as any kind of grant but is actually considered a ‘Direct Payment.’ Money is given to DDS as reimbursement for actual expenses related to the determination of eligibility for certain SSA programs. An initial amount is allocated for use to a State based on a formula which includes estimates about the number of claims which will be received, however, the amount can be changed if actual claim numbers or expenses are found to be higher or lower during the year.

Did we pursue it?

USOR has received this money for over 25 years in order to operate DDS. Choosing to accept this money allows Utah to have some local control, to the extent possible, in making disability benefit eligibility determinations for Utah’s citizens.

Is it for contracted work?

No.

Is it a matching program?

No. It is 100% federally funded.

If the state is doing contract work, please explain.

N/A

How does this grant further a state priority, and cite the source of that priority.

USOR has chosen to receive this Federal money because it allows Utah to have some local control in making decisions about eligibility for disability benefits for Utah's citizens. Disability benefits payments from the SSA, including Supplemental Security Income (SSI) and Social Security Disability Income (SSDI), currently total over \$72 million dollars per month for Utah citizens which has a large impact on Utah's economy. Processing applications in Utah through DDS also currently results in employment for 50 to 60 Utah citizens employed by USOR.

UCA 53A-24-503

Is the work for this grant something we can turn over/back to the federal government?

All 50 states and the territories operate a DDS within their jurisdiction. The federal government does operate some regional federal DDS programs, Denver being the closest. USOR could investigate the possibility of turning the program over to the federal government, but the effect would likely be to eliminate 50-60 Utah jobs and transfer them to a neighboring state to handle the workload, or move a heavy workload onto a federal program lacking the infrastructure to handle that.

3. Grant: ASPIRE (Promise) Grant

Why do we have this grant?

Utah, along with 5 other consortia states (see below) submitted an application to receive demonstration funding for a 5 year period of time. The purpose of the funding is to improve education and career outcomes for youth receiving Social Security disability benefits and provide additional support to their families. Only 6 sites were funded and the Consortia was one of them.

Did we pursue it?

This grant was pursued along with 5 other states in our region as an ASPIRE Consortia (Arizona, Colorado, Montana, North Dakota and South Dakota). With Utah being the fiscal agent, Legislative approval to pursue this grant was obtained from the Utah Executive Appropriations Committee in Interim, November 2013.

Is it for contracted work?

Partially (see below)

Is it a matching program?

No. It is 100% federal funds for a 5 year period of time.

If the state is doing contract work, please explain.

The grant (\$32.5 million) is allocated to all 6 consortia states. The portions of the grant that are allocated from the fiscal agent (Utah) to the other states is done by contract. But the work done in those other states is completed by state employees, as in Utah, with processes that are uniform across all states.

How does this grant further a state priority, and cite the source of that priority.

This grant, received under authority of the Utah Executive Appropriations Committee, is consistent with the state priority for the Title 1 Vocational Rehabilitation Program. This project is conducted in such a manner that persons with disabilities will be assisted, so far as reasonably possible, to take their rightful place in open society as independent and self-supporting individuals.

Is the work for this grant something we can turn over/back to the federal government?

No, there is not federal program to operate this demonstration grant. This is one of 6 demonstration grants across the country with effort to address education and careers of youth (ages 14-18 at enrollment) receiving Social Security disability benefits and their families.

APPENDIX B – EXPLANATION OF FEDERAL FUNDS

Utah State Office of Rehabilitation:

- **Vocational Rehabilitation Basic Support Grant 84.126:** The purpose of this funding is to assist eligible individuals with disabilities to achieve gainful employment. Services are available according to 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 \$6,000,000 for 2016, subject to the approval of the State Board of Education. (34 CFR 361.1; 34 CFR 361.60)
- **Disability Determination Services 96.001:** 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 Reimbursement n/a:** 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 State Grants 84.169:** These grants are 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:** 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:** This is funding that is specific to Supported Employment, including services such as job coaching, training and placement assistance, and may not be used for any other purpose (34 CFR.363.1) The matching ratio applies to only 50 percent of the grant total and is 10 percent.
- **Independent Living - Older Blind 84.177:** 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.
- **Promise Grant (Aspire) 84.418:** This five year initiative identifies local interventions for youth ages 14-18 who receive Supplemental Security Income (SSI). Identified interventions are to positively impact the youth's education and employment, and the families' overall household income thereby reducing a household's dependence upon public benefits. The federal agencies with programs that may impact these youth are: Department of Education, Department of Labor, Health and Human Services and Social Security Administration. Including Utah, six western states have aligned to form a western consortium to implement the PROMISE Initiative – Arizona, Colorado, Montana, North Dakota, South Dakota, and Utah. Each of the states has an assigned facilitator that coordinates recruitment, enrollment, and intervention implementation within their states. Utah is acting as the fiscal agent of the grant on behalf of the consortium.