



# Utah State Office of Rehabilitation Vocational Rehabilitation Program Update

19 October 2015

## Background

For several years, the Vocational Rehabilitation program client caseload had grown to the point it was no longer sustainable with the available funding. This resulted in a budget deficit in SFY2014 and the need for a one-time \$6.3 million supplemental appropriation from the Legislature to continue to provide paid client services. USOR began addressing its budget issues months ago, and is confident it will make the necessary corrections to prevent similar, future problems.

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## Actions and Effects

USOR sincerely thanks the Legislature for the supplemental funding which had the intended effect of immediately resolving the budget crisis and allowing USOR to continue to deliver paid client services to Vocational Rehabilitation clients already in plan. It also helped to remedy fiscal non-compliance with the federal requirements that state funds must be spent proportionately with federal funds.

A primary cause of the budget problems was the absence of client caseload and cost modeling to accurately predict spending, and compare projected obligations and expenditures to the budget. USOR has developed and is testing a preliminary Case Service Expenditure Rate model to estimate ongoing expenditures for paid client services through its Vocational Rehabilitation program.

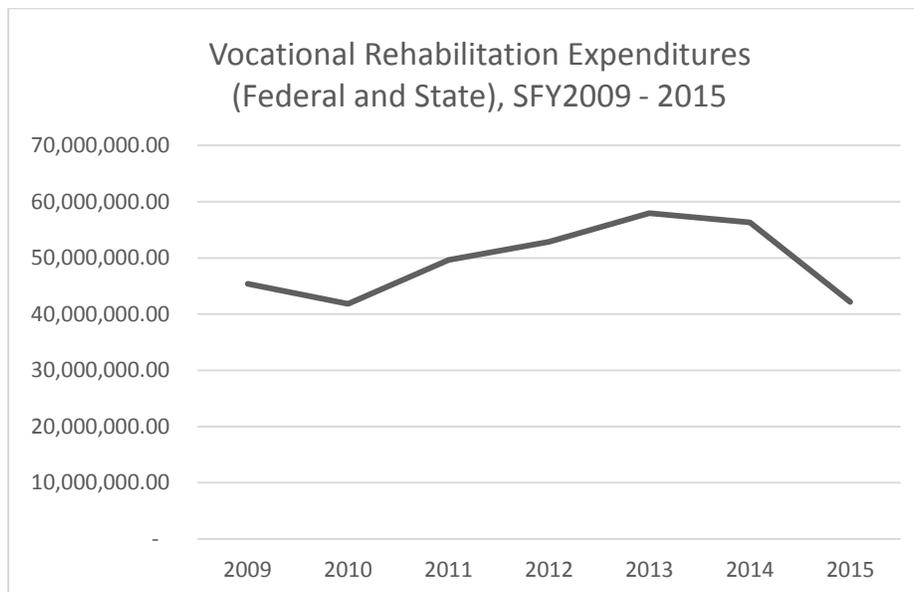
Meanwhile, actions already taken at USOR include:

- Elimination of 43 full-time equivalent positions in the past 22 months
- Appointment of a new executive director, finance director, and executive management team
- Increased coordination between USOR and the Utah State Office of Education
- Improved oversight of USOR by the State Board of Education
- Implementation of an Order of Selection, a federally-sanctioned waiting list by which individuals with the most significant disabilities get served first

Since the recent change in leadership at USOR, the agency has adopted and begun implementing an organizational plan with four goals:

- Develop and utilize a comprehensive budget and accounting management system. This goal includes the critical task of developing and testing the caseload and cost modeling system.
- Build an integrated management information system that tracks performance across all activities
- Create a centralized compliance and quality assurance structure to ensure regulatory compliance, organizational consistency, and continuous improvement
- Configure the agency internally to support key business functions

Indications are that the measures taken by USOR to resolve these budget problems are taking hold. Vocational Rehabilitation program expenditures indicate a significant decline from the highs in SFY2013 and SFY2014.



USOR was notified in August 2015 that it will receive \$9 million in federal Vocational Rehabilitation program funds through the federal reallocation process used to redistribute unexpended funds from other states. This funding was built into the current (SFY2016) budget.

USOR has adopted three guiding principles as it develops its SFY2017 budget:

- USOR will avoid increasing the state maintenance of effort (MOE) obligation without ongoing appropriations.
- USOR will gradually eliminate its dependence on one-time federal Vocational Rehabilitation reallocation funding. Relying on this uncertain funding poses the risk of not getting the full amount anticipated. What is more, accepting reallocation funds can increase MOE requirements.
- USOR will avoid incurring future MOE penalties after the pending, approximately \$5.3 million penalty (to be deducted from its future federal funding, not from state funding).

The SFY2017 budget sets a new, manageable base budget that is sustainable and less reliant on one-time funding.

### **Order of Selection Update**

Used by an increasing number of states, Order of Selection is the only allowable method of limiting the number of Vocational Rehabilitation clients served when there is insufficient funding to help all eligible individuals. Utah implemented an Order of Selection on 27 February 2015.

There are three client categories under an Order of selection. By priority these are: Most Significantly Disabled, Significantly Disabled, and Disabled. The current waiting list includes approximately:

- 1,404 individuals who are classified as Most Significantly Disabled
- 2,821 individuals who are classified as Significantly Disabled
- 757 individuals who are classified as Disabled

Applying the Case Service Expenditure Rate model to the waiting list indicates that USOR has sufficient budget available to fund the cost of paid client services for all clients currently served under an Individualized Plan for Employment (approximately 11,000 individuals). The model also indicates that ***USOR has sufficient budget to serve all clients currently on the waiting list in the Most Significantly Disabled category.*** As a result, USOR will begin moving individuals off this category of the waiting list and into plan in November 2015. USOR anticipates it will take about 90 days to move all Most Significantly Disabled clients off the waiting list.

Moving forward, USOR expects to be able to leave the Most Significantly Disabled category open to serve newly eligible clients. For now, the other two categories (Significantly Disabled and Disabled) will remain closed. Note: Not everyone in a category must be served at once; but when they are, they are served by date of application. USOR will attempt to quantify for the Legislature the ongoing funding needed to open, and hold open the Significantly Disabled and Disabled categories (i.e. eliminate the waiting list).