

# SUBCOMMITTEE NO. 3

# Agenda

---

Senator Holly J. Mitchell, Chair  
Senator William W. Monning  
Senator Jeff Stone



April 7, 2016  
9:30 a.m., or Upon Adjournment of Floor Session  
Room 4203, State Capitol

## PART A

Consultant: Theresa Pena

<u>Item</u>	<u>Department</u>	<u>Page</u>
<b>5160</b>	<b>Department of Rehabilitation</b>	2
Issue 1	Overview	2
Issue 2	Update: California PROMISE Initiative Grant	6
Issue 3	BCP: WIOA: Competitive Integrated Employment	9
Issue 4	BCP: Resources for Federal Grant and RSA-911 Reporting	10
Issue 5	BCP: Traumatic Brain Injury Supplemental Funding	11
	Public Comment	

---

*Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.*

**5160 DEPARTMENT OF REHABILITATION**

**Issue 1: Overview**

The Department of Rehabilitation (DOR) works in partnership with consumers and other stakeholders to provide direct services and advocacy resulting in employment, independent living, and equality for individuals with disabilities. DOR seeks to assist over 100,000 Californians with disabilities to obtain and retain competitive employment in integrated settings, and to maximize equality and ability to live independently in their communities of choice. With a proposed FY 2016-17 budget of \$443.9 million (\$59.9 million General Fund) and 1,876 authorized positions, the department offers programs related to vocational rehabilitation, assistive technology, independent living, supported employment, services for individuals with traumatic brain injuries, and workforce development (to be discussed below). Overall, federal funding constitutes around 84 percent of the department’s total funding. Below is a chart that provides an overview of the department’s funding since FY 2014-15.

<b>Fund Source</b>	<b>2014-15 Actuals</b>	<b>2015-16*</b>	<b>2016-17</b>
<b>General Fund</b>	<b>\$ 58,389</b>	<b>\$59,780</b>	<b>\$59,894</b>
Traumatic Brain Injury Fund	\$947	\$1,004	\$1,202
Vending Stand Fund	\$804	\$2,361	\$2,361
Federal Trust Fund	\$348,226	\$370,370	\$372,772
Reimbursements	\$6,487	\$7,680	\$7,680
<b>Total Expenditures</b>	<b>\$414,853</b>	<b>\$441,195</b>	<b>\$443,909</b>
<b>Positions</b>	<b>1,796.4</b>	<b>1,762.4</b>	<b>1,778.4</b>

\* FY 2015-16 are projected figures

**Eligibility.** When the department does not have enough funds to serve all applicants who are deemed eligible for services, the federal government requires DOR to use an Order of Selection (OOS) process, under which the department must serve people with the most significant disabilities first (all those in the "most significantly disabled" category will be served first, followed by those in the "significantly disabled" category and then the "disabled category"). DOR has been operating under an OOS since 1995. Within each category, DOR serves individuals according to date of application. If placed on a waiting list, DOR consumers receive information and referral services and may ask for their priority category to be re-evaluated if they have experienced a change in severity of disability. The DOR has offered in-plan services to all consumers on the waitlist on six occasions since 2011, the last time on November 30, 2015. Currently, the DOR has eight consumers on its waiting list.

**Services and Programs.** In addition to providing services, such as career assessment and counseling, job search and interview skills, and career education and training, DOR offers several programs.

- Vocational Rehabilitation (VR). The Vocational Rehabilitation Services Program delivers vocational rehabilitation services to persons with disabilities through vocational rehabilitation professionals in district and branch offices located throughout the state. DOR has cooperative agreements with state and local agencies (education, mental health, and welfare) to provide unique and collaborative services to consumers.
- Assistive Technology (AT). The Assistive Technology Act of 1998 (amended in 2004) funds each state and U.S. territory to provide AT services. California's program, known as the California Assistive Technology System (CATS), is funded by a federal grant through the Rehabilitation Services Administration (RSA). For DOR to provide the required services, DOR contracts with the California Foundation for Independent Living Centers (CFILC) to provide statewide AT services.
- Independent Living Services. DOR funds, administers, and supports 28 independent living centers in communities located throughout California. Each independent living center provides services necessary to assist consumers to live independently and be productive in their communities. Core services consist of information and referral, peer counseling, benefits advocacy, independent living skills development, housing assistance, personal assistance services, and personal and systems change advocacy.
- Traumatic Brain Injury (TBI). In coordination with consumers and their families, seven service providers throughout California provide a coordinated post-acute care service model for persons with TBI, including supported living, community reintegration, and vocational supportive services.

**Workforce Innovation and Opportunity Act.** On July 22, 2014, President Obama signed the Workforce Innovation and Opportunity Act (WIOA), which seeks to assist job seekers access employment, education, training, and support services to succeed in the labor market, and to match employers with skilled workers. WIOA seeks to improve services to individuals with disabilities, including extensive pre-employment transition services for youth, better employer engagement, and increasing access to high-quality workforce services. The DOR is moving forward to identify strategies to meet the new requirements in the WIOA.

The DOR has prioritized its efforts by creating eight internal workgroups comprised of policy, program staff, and field staff, under the guidance of the directorate and directed by an executive team member, to determine how to provide services to consumers, under the new federal requirements, without increasing ongoing resource expenditures, as WIOA does not authorize new funding. DOR's activities include:

- Conducting public forums on specific subject areas impacting the Vocational Rehabilitation program (eleven held to date).

- Incorporating input from consumers, community partners, the State Rehabilitation Council and advisory bodies, and other stakeholders, including government representatives, into policies and new processes.
- Sharing DOR data with the California Workforce Investment Board to submit the Unified State Plan by April 1, 2016.
- Collaborating with the Employment Development Department, Department of Developmental Services, Department of Education, one-stop operators and the workforce investment boards to identify consistent practices to better serve individuals with disabilities and increase employment outcomes, with a greater focus on early intervention with youth.
- Reaching out to high school students, in collaboration with local education agencies and developing requests for proposal for contractors to hold summer academies at which high school students will receive new Pre-Employment Transition Services including work experiences.

Final Regulations are anticipated in the summer of 2016, and DOR expects to fully implement all WIOA requirements by July 2017. Additionally, the department is making continuous improvements in approaches to increase outcomes for individuals with disabilities, increase income, and maximize potential for eligible individuals with significant disabilities with the goal of moving from dependence to independence.

**Traumatic Brain Injury (TBI) Program and Funding.** The Department of Rehabilitation administers the Traumatic Brain Injury (TBI) program, where seven providers deliver statewide services, such as coordinated post-acute care, supported living, community reintegration, and vocational supports, to help impacted individuals lead productive and independent lives. TBI Fund revenues stem from penalties paid for various violations of California's Vehicle Code, including the seatbelt law. Recent penalty funding and corresponding TBI funds are summarized in the chart below.

STATE PENALTY FUND AND TBI FUND REVENUE		
State Fiscal Year	State Penalty Fund	TBI Fund
FY 06-07	\$167,589,106	\$1,105,546
FY 07-08	\$167,483,359	\$1,104,936
FY 08-09	\$162,260,219	\$1,070,492
FY 09-10	\$157,883,929	\$1,041,716
FY 10-11	\$165,532,414	\$1,091,926
FY 11-12	\$137,101,778	\$809,181
FY 12-13	\$128,975,874	\$849,834
FY 13-14	\$122,346,996	\$807,753
FY 14-15	\$116,632,580*	\$769,383*
FY 15-16	\$40,972,883*	\$269,202*

\* Year-to-date revenue as of January 2016.

Annually, DOR funds services for approximately 2,400 individuals through the seven TBI program sites, as well as 1,300 through the Independent Living Centers. DOR provides direct services to an additional 1,300 individuals with TBI through its Vocational Rehabilitation Program.

The department is not aware of programs at risk of closure. However, the State Penalty Fund is decreasing. The department is seeking additional funding opportunities, such as federal grants, to stabilize the funds available through the RFA process. To date, however, the department has been unsuccessful at identifying a stable funding source for the TBI programs.

**Social Security Beneficiary Work Incentive Planners.** In 1981, Congress established the Cost Reimbursement Program to encourage state Vocational Rehabilitation Agencies to provide services that would result in gainful employment by SSI/SSDI beneficiaries. Under the Cost Reimbursement Program, the Social Security Administration pays DOR for the reasonable costs of services provided to SSI/SSDI consumers if those services result in the consumer achieving work at specified earnings level, known as the Substantial Gainful Activity. The department began a Work Incentives Planning Pilot from September 2013 through August 2015 to increase employment outcomes and self-sufficiency. According to the department, this pilot was successful in leading more individuals to working and earning higher wages, as well as increasing Social Security Cost Reimbursements.

In Fiscal Year 2015-16, the Legislature funded the DOR's request for \$3.11 million in federal fund authority for up to 31 work incentive planners (WIPs) to fully implement the Work Incentives Planning Services Program statewide. At the time, the California Foundation for Independent Living Centers (CFILC) raised concerns that the department's use of federal funds could put Independent Living Center (ILC) funding at risk, because if reimbursements fall below projected figures, the department would first pay costs related to personnel, superseding ILC funding. Through negotiations with budget staff, the department, Agency, Finance, and CFILC, provisional language was included to clarify that DOR could only hire up to the 31 requested positions if they had the available federal funds, and that ILC funding would not be jeopardized.

The department has since hired and trained all 31 WIPs. The WIPs provide financial literacy and benefits planning services to eligible consumers who receive Supplemental Security Income/Social Security Disability Insurance (SSI/SSDI) benefits. Training for the WIPs included the Work Incentives Practitioner Credential course from Cornell University and was completed in August 2015. To date, these 31 WIP staff have provided services to 3,498 SSI/SSDI consumers in the 'Job Ready' case status.

**Staff Comment & Recommendation.** This is an informational item, and no action is required.

### Questions.

1. Please provide a brief overview of the department and its programs and services.

**Issue 2: Update: California PROMISE Initiative Grant**

**Budget Issue.** In fiscal year 2014-15, the Department of Rehabilitation was awarded a competitive federal grant, entitled Promoting the Readiness of Minors in Supplemental Security Income (or PROMISE), which began October 1, 2013 and goes through September 30, 2019. The \$55 million, five-year CaPROMISE grant seeks to develop and implement model demonstration projects that promote positive outcomes for 14 to 16-year old Supplemental Security Income (SSI) recipients and their families. The grant is 100 percent federal funds without a state match requirement. This item provides an update on the implementation of the CaPROMISE grant.

**Background.** The SSI/State Supplemental Payment programs provide cash assistance to around 1.3 million Californians, aged 65 or older (28 percent), who are blind (one percent), or who have disabilities (71 percent), and meet federal income and resources limits. Grants under SSI are 100 percent federally-funded. The current maximum grant amount for individuals is approximately \$889 per month (\$733 SSI + \$156 SSP), which is roughly 90 percent of the federal poverty level (FPL). For couples, the maximum grant amount is \$1,496 per month (\$1,100 SSI + \$396 SSP), which is equal to 113 percent of FPL.

As the lead coordinating agency for CaPROMISE, DOR is responsible for statewide leadership, oversight, administration, and coordination of the grant. DOR partners with five other state departments<sup>1</sup> and 21 Local Educational Agencies (LEAs) to coordinate services, direct outreach, recruitment, and involvement of, at a minimum, 3,078 14 to 16-year old SSI recipients and their families.

The 21 participating LEAs include:

- |   |                          |
|---|--------------------------|
| 1. Oakland Unified School District (USD)                              | 9. Los Angeles USD       |
| 2. Vallejo City USD   | 10. Centinela Valley USD |
| 3. Solano COE   | 11. Compton USD          |
| 4. West Contra Costa USD  | 12. Long Beach USD       |
| 5. Desert Mountain Special Education Local Plan Area – San Bernardino | 13. Elk Grove USD        |
| 6. Riverside COE  | 14. Whittier Union HSD   |
| 7. San Bernardino City USD  | 15. Irvine USD           |
| 8. West End Special Education Local Plan Area – San Bernardino        | 16. San Diego USD        |

---

<sup>1</sup> California Department of Education; Employment Development Department; Department of Developmental Services; Department of Health Care Services; and Department of Social Services.

Service delivery and implementation timeline. Please see chart below with activities and associated benchmarks.

**CaPROMISE Activities, Targets, Timelines with Benchmarks**

<b>Activities</b>	<b>Targets</b>	<b>Estimated Completion</b>	<b>Update</b>
Career Services Coordinators Receive Basic Training	100% complete training	June 2014	Completed
Career Service Coordinators Receive Cornell Training	100% complete training	September 2014	Completed
Interagency Council Meeting	2 meetings per year	March 2014(Initial Meeting) September 2014 May 2015 December 2015	All Meetings conducted to date
Recruitment of Students	At least 3,078 child SSI recipients ages 14-16 and their families	April 2016	Completed February 2016
Data Collection System Developed	Developed and initiated	June 2014	Completed
Case Management Intervention	100% of students	September 2018	On Track
Benefits Counseling/Financial Planning Intervention	100% of students	September 2018	On Track
Work Experience Intervention	100% of students have at least one volunteer and one paid experience	September 2018	On Track
Parent Training and Information Intervention	100% of families	September 2018	On Track
Employment Preparation Workshops/Soft Skills Training Intervention	100% of students	September 2018	On Track

To date, DOR has completed the following:

- Partnered with five state departments.
- Contracted with 21 Local Education Agencies (LEAs) and one community organization in the coordination of services, direct outreach, recruitment, and involvement of SSI recipients and their families.
- Received the Health and Human Services Institutional Review Board approval and Social Security Administration clearances for 106 program staff.

- Provided training to 65 career service coordinators including benefits planning training and certification from Cornell University.

**Staff Comment & Recommendation.** This is an oversight item, and no action is required.

**Questions.**

1. Please provide an update on the implementation of the proposal, including but not limited, the enrollment and recruitment process and the status of the staff hiring at the department.



**Issue 3: BCP: Workforce Innovation and Opportunity Act: Competitive Integrated Employment**

**Governor's Proposal.** The Administration is requesting 11 permanent full-time positions to establish a new Vocational Rehabilitation Service Delivery (VRSD) team through redirection of \$1.5 million in federal funds that are currently used for group employment placement services. Under the WIOA, the DOR can no longer close the record of services for a consumer who is in non-competitive employment, such as group employment services. The requested positions are as follows:

- 2.0 Office Technician (General)
- 1.0 Staff Services Manager I
- 3.0 Staff Services Analyst (General)
- 5.0 Senior Vocational Rehabilitation Counselor

**Background.** The Workforce Innovation and Opportunity Act (WIOA), which was signed into law on July 22, 2014, mandates that effective July 22, 2016, employers may not pay subminimum wage to individuals with disabilities unless the employer can show that the individual has received counseling from DOR before hire. WIOA also requires that DOR provide additional counseling, training, and other resources.

Prior to WIOA, as required by the Rehabilitation Act of 1973, DOR sent all individuals in subminimum wage placements an annual automated letter informing the individual of the opportunity to reopen their case and progress to a competitive individual placement. However, under the Rehabilitation Act as amended by WIOA, this requirement has been expanded in terms of the information required, the frequency of counseling, and the scope of individuals who must receive services from DOR.

Currently, DOR does not have the capacity to meet these new requirements.

**Staff Comment.** In order for DOR to meet new WIOA requirements, the department will need the requested resources to address the increasing workload in this area. No concerns have been raised to subcommittee staff at this time.

**Questions.**

1. Please summarize the proposal.
2. Please explain what previously funded activities the redirection of funds impacts.

**Staff Recommendation.** Hold Open.

**Issue 4: BCP: Resources for Federal Grant and RSA-911 Reporting**

**Governor's Proposal.** The Administration requests five permanent full-time positions funded through the redirection of \$653,000 in existing Federal Funds, previously used for consulting services, to address the increased workload mandated by the U.S. Department of Education (USDOE) and the Rehabilitation Services Administration (RSA). The requested positions are as follows:

- 1.0 Staff Programmer Analyst (Specialist)
- 1.0 Senior Accounting Officer (Specialist)
- 2.0 Associate Governmental Program Analyst
- 1.0 Research Program Specialist I

The department notes that lack of compliance with federal requirements could result in enforcement action, including the loss of federal funds. There are no required changes to statute or regulations.

**Background.** DOR is the designated state agency responsible for administration of the vocational rehabilitation program and the independent living program. These programs are largely funded by eight federal grants.

Recent decisions by the USDOE and the RSA relating to the DOR's vocational rehabilitation (VR) grant and the newly enacted Workforce Innovation and Opportunity Act (WIOA) Performance Management, Information and Reporting System and VR Case Services Report, have increased the mandated workload in accounting, budgeting, information systems, federal reporting, and oversight of DOR's federal grants. In addition, the WIOA Performance Management Report is an entirely new requirement for DOR. The department does not have the current staff resources to address these mandated changes.

**Staff Comment.** No concerns have been raised to subcommittee staff at this time.

**Questions.**

1. Please summarize the proposal.
2. Please explain what previously funded activities the redirection of funds impacts.

**Staff Recommendation.** Hold Open.

**Issue 5: BCP: Traumatic Brain Injury (TBI) Supplemental Funding**

**Governor's Proposal.** The Administration is requesting a one-time allocation of \$360,000 to the TBI Fund from the Driver Training Penalty Assessment Fund.

**Background.** TBI Fund revenues stem from penalties paid for various violations of California's Vehicle Code. However, the State Penalty Fund (SPF) is facing declining revenues and the current allocation of 0.66 percent will not be sufficient to fund all TBI functions mandated by statute. This proposal provides continued minimum funding for the critical support services provided by the TBI network as well as associated administrative costs.

In FY 2014-15, DOR received a one-time allocation of \$500,000 from the Driver Training Penalty Assessment Fund to augment the TBI Fund. At the time, it was thought that the Medicaid Home and Community-Based Services (HCBS) waiver would generate additional funding; however, it was determined that the HCBS waiver was not a viable source of funding. The department points out that this proposal is consistent with use of the Driver Training Penalty Assessment Fund to support other programs funded through the State Penalty Fund.

**LAO Comment.** The Legislative Analyst's Office (LAO) notes that the request for supplemental funding for Traumatic Brain Injury Fund is a temporary fix to a larger problem. The LAO provides the following comments, "Given that various state funds receiving criminal fine and fee revenue have been facing financial difficulty for years, the Legislature has few options beyond approving the Governor's proposed short-term solutions for addressing the operational shortfalls and insolvency in these state funds in 2016-17. However, to permanently address the recurring problem, the LAO recommends the Legislature implement ongoing, systemic changes to the state's criminal fine and fee system."

**Staff Comment.** Staff notes that there does appear to be an immediate need for funding the TBI program in the current budget cycle, and that a BCP for a one-time allocation of funds from the Driver Training Penalty Assessment Fund was previously approved in FY 2014-15. However, staff agrees with LAO comments that there is a larger issue that needs to be addressed regarding the SPF and how the TBI program is funded in the long-run to avoid on-going one-time allocations. This issue will likely be addressed at a future hearing in Subcommittee No.5 on Corrections, Public Safety and the Judiciary.

**Questions.**

1. Please summarize the proposal.
2. How will this proposal impact other programs funded by the Driver Training Penalty Assessment Fund?
3. What alternatives for funding has the department explored recently? Is the department currently pursuing any alternatives?

**Staff Recommendation.** Hold Open.