

SUBCOMMITTEE #3: Health & Human Services

Chair, Senator Holly J. Mitchell

**Senator Jeff Stone, Pharm. D.
Senator William W. Monning**



**March 12, 2015
9:30 a.m., or Upon Adjournment of Floor Session
Room 4203, State Capitol**

PART A

Consultant: Samantha Lui

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5160 Department of Rehabilitation**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 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 2015-16 budget of \$435.5 million (\$58 million GF) and 1,860 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 2013-14.

Fund Source	2013-14 Actuals	2014-15*	2015-16
General Fund	\$ 56,974	\$58,390	\$58,429
Traumatic Brain Injury Fund	\$925	\$1,004	\$1,004
Vending Stand Fund	\$908	\$2,361	\$2,361
Federal Trust Fund	\$338,969	\$362,990	\$365,980
Reimbursements	\$5,994	\$7,680	\$7,680
Total Expenditures	\$403,770	\$432,425	\$435,454
Positions	1,783	1,829	1,860

* FY 2014-15 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 waiting list has been opened and cleared on four occasions since 2011, with the last time on May 2014. Currently, there are 36 individuals with disabilities on the 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 29 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 Workforce Innovation and Opportunity Act (WIOA), notwithstanding the federal government's delay in publishing draft regulations, which were due in January 2015.

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 our consumers, under the new federal requirements, without increasing ongoing resource expenditures, as WIOA does not authorize new funding. DOR has prioritized WIOA implementation, with the goal to have decisions made on most of the changes in effect by October 2015. State regulations will be amended consistent with federal regulations. The department's current activities include:

- Conducting four public forums on specific subject areas impacting the VR program
- Incorporating input from our consumers, community partners, State Rehabilitation Council and advisory bodies, and other stakeholders including government representatives.
- Collaborating with the Employment Development Department, Department of Developmental Services, Department of Education, 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.

- Evaluating and commenting on federal regulations – now expected in the next month – and encouraging the public to do the same, seeking to maintain the flexibility that is currently reflected in the federal law.

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.

2. Oversight: Traumatic Brain Injury (TBI) Program and Funding

Budget Issue. Last year, the budget provided an additional \$500,000 to the Traumatic Brain Injury Fund from the Driver Training Penalty Assessment Fund to augment funding for the services provided by the seven TBI sites. The department notes that the one-time funding allocation has not yet been received from the Driver Training Penalty Assessment Fund and is not likely to be received until June or July 2015 due to specified budget bill language, which lists the TBI Fund as the last of the four possible funds that can receive remaining balances from the Driver Training Penalty Assessment Fund. This oversight item will examine the TBI Program’s funding stability and sustainability.

Background. Generally, traumatic brain injuries are caused by an external force’s impact on the brain, frequently from a fall or motor vehicle accident. Symptoms resulting from TBI can include short and long-term effects that hinder the person’s ability to function.

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.

**TOTAL 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	\$ 122,193,411*	\$ 806,739*
FY 14-15	\$ 120,156,040**	\$ 776,000**
FY 15-16 (projected)	\$ 113,273,491**	\$ 752,000**

* Year-to-date revenue as of 8/30/2014

** Estimated Amount

Pursuant to AB 398 (Monning), Chapter 439, Statutes of 2009, the Department of Rehabilitation administers the TBI program since its transfer from the Department of Mental Health. AB 398 also directed DOR to monitor and evaluate the performance of service providers, and to establish requirements and processes for continuing participation in the program.

Annually, DOR funds services for approximately 700 individuals through the seven TBI program sites, as well as 1,300 through the Independent Living Centers. DOR provides direct services to an additional

1,043 individuals with TBI through its Vocational Rehabilitation program. In total, there are around 3,043 consumers served.

For the last four fiscal years, the DOR contracted with the seven TBI sites for a total of \$924,000. In compliance with competitive solicitation requirements in AB 398, the DOR released a request for applications (RFA) on February 24, 2015. New awards will be granted for FY 2015-16, 2016-17, and 2017-18 based on available funding. Applications are due on March 27, 2015 by 3:00 PM. The grants are expected to be effective on July 1, 2015. Seven new grants will be awarded with the amount based on the available funding projected over the three-year cycle.

Fund stability. The DOR is not aware of programs at risk of closure. However, the State Penalty Fund is decreasing. In December 2014, the updated Fund Condition Statement from Department of Finance showed that, despite the one-time augmentation of \$500,000, revenue from the State Penalty Fund will not support the current level of funding over the next three years. The DOR, in collaboration with the community, 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.

TBI Medicaid waiver. On January 16, 2015, the department notified stakeholders that the waiver it developed did not satisfy federal requirement of cost neutrality. In coordination with DHCS, the DOR has identified services currently available to Californians with TBI through the Assisted Living, Nursing Facility/Acute Hospital, Developmentally Disabled, Multi-purpose Senior Service Program, and Community-Based Adult Services waivers. The department notes that these existing waivers contain many or all of the TBI community's preferred services as proposed in the stand-alone waiver. However, there are eligibility restrictions to entry and participants may be enrolled in only one waiver at a time. The department states that it will continue to engage with the DHCS to enhance, expand and include TBI-appropriate services in existing waivers.

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

Questions:

1. Please briefly provide an overview on TBI program funding.
2. How does DOR plan to coordinate with DHCS since the TBI waiver was found to not satisfy federal requirements of cost neutrality?
3. How have the declines in TBI Fund revenues impacted the ability to provide services?
4. What other avenues is the department pursuing to maintain stability of the TBI program funding?

3. Update: California PROMISE Initiative (CaPROMISE) 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). The 2014 Budget Act provided \$10 million in federal budget authority for the California PROMISE Initiative (CaPROMISE) federal grant, which begins October 1, 2013, to September 30, 2019; and authority to hire six permanent, full-time positions. CaPROMISE 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 award is \$10 million per year, with a \$50 million maximum, and 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 (78 percent), and meet federal income and resources limits. Grants under SSI are 100 percent federally-funded. The maximum grant amount for individuals is \$877.40 per month (\$721 SSI + \$156.40 SSP), which is roughly 90 percent of the federal poverty level (FPL). For couples, the maximum grant amount is \$1,478.20 per month (\$1,082 SSI + \$396.20 SSP), which is equal to 113 percent of FPL. According to the Social Security Administration's (SSA) Office of Retirement and Disability Policy, in December 2012, California had 114,852 individuals under the age of 18 receiving SSI. The department indicates that approximately 60 percent of child SSI recipients will receive SSI as adults.

Since July 2014, the department has filled the requested six permanent, full-time positions for the administrative and program oversight, and to perform mandated accounting, contracting, and data management activities. Federal funding will cover position costs (salary and benefits) and all ancillary costs, such as travel, supplies, operational expenses, and equipment.

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 departments¹ 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) | Area - San Bernardino |
| 2. Vallejo City USD | 9. Los Angeles USD |
| 3. Solano COE | 10. Centinela Valley UHSD |
| 4. West Contra Costa USD | 11. Compton USD |
| 5. Desert Mountain Special Education
Local Plan Area - San Bernardino | 12. Long Beach USD |
| 6. Riverside COE | 13. Elk Grove USD |
| 7. San Bernardino City USD | 14. Whittier Union HSD |
| 8. West End Special Education Local Plan | 15. Irvine USD |
| | 16. San Diego USD |

¹ California Department of Education; Employment Development Department; Department of Developmental Services; Department of Health Care Services; and Department of Social Services.

- 17. Lodi USD
- 18. East Side Union HSD
- 19. Santa Clara USD

- 20. Milpitas USD
- 21. Santa Clara County Office of Education

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

CaPROMISE Activities, Targets, Timelines with Benchmarks

Activities	Targets	Estimated Completion	Update
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)	All Meetings conducted to date
Recruitment of Students	At least 3,078 child SSI recipients ages 14-16 and their families	June 2015	Spring 2016 33% complete
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.

In addition, partner LEAs have enrolled approximately 1,000 SSI recipients and their families, with a goal of 3,078 enrollees.

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 the enrollment and recruitment process of the 3,078 child SSI recipients and their families and the status of the staff hiring at the department.

4. Statewide Funding of Social Security Beneficiary Work Incentives Planners

Budget Issue. The department requests \$3.11 million in additional federal fund authority and 31 ongoing full-time permanent positions to hire Work Incentives Planners (WIPs). WIPs will provide financial literacy and benefits planning services to eligible consumers who receive Supplemental Security Income/Social Security Disability Insurance (SSI/SSDI) benefits. This budget change proposal does not require trailer bill legislation nor any information technology.

The department anticipates that the requested 31 positions will generate the reimbursements needed to fund them, as well as stabilize the \$12.5 million funding provided to the independent living centers with no additional cost to the state. The department projects that the 31 positions will be funded entirely with federal Social Security Reimbursements until at least 2019-20.

The table below is a proposed distribution of WIP positions throughout the State, though no final determination has been made to-date. The positions will be placed in specific offices as demand is further determined.

District	No. of WIPs
Blind Field Services	2
Greater East Bay	3
Greater Los Angeles	2
Inland Empire	3
LA South Bay	2
Northern Sierra	2
Orange/San Gabriel	2
Redwood Empire	2
San Diego	3
San Francisco	2
San Joaquin Valley	2
San Jose	2
Santa Barbara	2
Van Nuys/Foothill	2
Total	31

According to the department, the 31 requested positions will serve approximately 8,000 DOR consumers with SSI/SSDI who require benefits planning and financial literacy services in order to obtain and maintain a job leading to financial self-sufficiency. DOR estimates that there are around 40,000 DOR consumers with SSI/SSDI. The projected 8,000 consumers represents only twenty percent of the total possible eligible population that could benefit from a WIP.

In order to meet this need, each of the 31 WIPs will be required to provide intensive services to over 258 consumers annually on a flow basis.

Because of the complex nature of benefits planning services, it is estimated that 60 WIP positions would allow each WIP to manage approximately 133 cases during the year. DOR consumers would greatly benefit from this smaller WIP-to-consumer ratio.

Background. 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.

Currently, as part of the department's vocational rehabilitation, rehabilitation counselors provide DOR consumers with SSI/SSDI with work incentive planning, and assist consumers navigate a complex set of SSA rules and regulations. Yet, employment outcome rates for SSI/SSDI consumers remained stagnant. According to Public Law 106-170, Section 2(a)(8), less than one-half of 1 percent of all SSI/SSDI recipients return to work. The department notes that common barriers to re-entry into the workforce include: complexity of SSA rules that discourage SSI/SSDI recipients from pursuing work, or fear that employment would have a negative impact on an individual's Medi-Cal/Medicare benefits or SSI/SSDI benefit payments. To increase the employment outcomes and self-sufficiency of DOR consumers receiving SSI/SSDI, the department began a Work Incentives Planning Pilot in September 2013 through August 2015.

Under this pilot program, nine limited-term WIPs (9/1/13 through 8/31/15) in three district offices—Greater East Bay District (4 WIPs), San Diego District (3 WIPs), and Northern Sierra District (2 WIPs – work with the Vocational Rehabilitation Service Delivery Team to provide consumers financial literacy and intensive benefits planning assistance. WIPs also assist consumers by coordinating referrals; providing information regarding benefit status; facilitating referrals to Ticket to Work Employment Networks for ongoing support services after the DOR case closure; and actively encouraging the consumer to achieve their choice of employment.

The pilot seeks to demonstrate the effectiveness of work incentives planning and return on investment through an increase in:

- The number of successful employment outcomes for consumers;
- The number of cases closed with earnings above Substantial Gainful Activity (SGA) (earnings of \$1,090 per month in 2015); and,
- Social Security Cost Reimbursements to DOR.

According to the department, the intensive planning and team approach successfully lead to more individuals going to work and earning higher wages. As of September 2014, nine WIPs enrolled around 1,000 consumers in the pilot. Of those, 170 achieve employment outcomes, and 79 of the 170 are earning wages above the Substantial Gainful Activity (SGA). The average monthly salary for employed enrolled consumers in the WIP pilot is \$1,362, in contrast with \$928 of the 1,000 SSI/SSDI consumers. Overall, the department finds that as a result of this pilot, Social Security Cost Reimbursements have

increased by 51 percent with the 5,181 SSI/SSDI consumers going to work, with 2,108 employed with earnings above the SGA benchmark. The department is currently using temporary help funds to fund the current nine positions for the pilot. It is estimated that it will cost \$900,000 (80% federal funds and 20% other funds) of the department's temporary help budget to fund the nine WIPS for one fiscal year.

Justification. The proposal is aligned with the Governor's Executive Order (S-10-08), which seeks to increase employment in the most integrated setting and independent living for individuals with disabilities, and is also consistent with the department's strategic plan and goals.² According to the department, the proposal would enable comprehensive financial literacy and benefits planning statewide for all DOR consumers who receive SSI/SSDI. Based on the 9 current WIPs, the department estimates that an average of \$166,779 per WIP will be generated from consumers. If 31 positions are funded, Social Security Administration Cost Reimbursements could increase by \$5,186,247 or more annually. The WIP Pilot demonstrates the value of benefits planning, as provided by the WIPs in the Vocational Rehabilitation service delivery team; and the ability to employment with earnings above the substantial gain activity level, which results in more cost reimbursements to DOR.

Advocate concerns. The California Foundation for Independent Living Centers (CFILC) raises concerns with the proposal. Specifically, the department's use of federal Social Security Cost Reimbursements may put ILC funding at risk because if reimbursements fall below projected figures, the department would first pay costs related personnel, superseding funding for ILCs. The department notes that the commitment to fund independent living centers remains and that despite independent living centers and 31 requested positions being financed through a similar mechanism – Social Security Cost Reimbursements – there is no link that could risk ILC funding. The advocates and department note that there is ongoing discussion regarding the matter.

Staff Comment & Recommendation. **Hold open** to allow for further discussion.

Questions

1. Please provide a brief description of the existing the Work Incentives Planning Pilot.
2. How would these work incentive planning services be different than the services currently provided in vocational rehabilitation or at independent living centers?
3. Is it anticipated that the department will utilize all federal Social Security Cost Reimbursements to fund the 31 positions until 2019-2020? What is the contingency plan if the estimated Social Security Cost Reimbursements are lower than projected?

² Strategic plan objectives includes: increase number of individuals with disabilities becoming employed; increase average earnings of a person with disabilities; improve integration of individuals with disabilities in their community.