

# **SUBCOMMITTEE NO. 3**

# **Agenda**

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**Senator Richard Pan, Chair**  
**Senator William W. Monning**  
**Senator Jeff Stone**



**March 15, 2018**  
**9:30 a.m., or Upon Adjournment of Floor Session**  
**Room 4203, State Capitol**

## **PART A**

Consultant: Theresa Pena

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**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 130,000 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 2018-19 budget of \$460.1 million (\$64.7 million General Fund) and 1,879 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. 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 2016-17.

<b>Fund Source</b>	<b>2016-17 Actuals</b>	<b>2017-18*</b>	<b>2018-19*</b>
<b>General Fund</b>	<b>\$ 62,568</b>	<b>\$64,604</b>	<b>\$64,649</b>
Traumatic Brain Injury Fund	\$1,060	\$1,114	\$892
Vending Stand Fund	\$2,361	\$2,361	\$2,361
Federal Trust Fund	\$371,541	\$382,709	\$384,472
Reimbursements	\$7,494	\$7,680	\$7,680
<b>Total Expenditures</b>	<b>\$445,024</b>	<b>\$458,468</b>	<b>\$460,054</b>
<b>Positions</b>	<b>1,798.1</b>	<b>1,879</b>	<b>1,879</b>

\* Budgeted amount

**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. Currently, there are 16 consumers on the DOR 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 (ILCs) 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. This will be discussed in more detail later in the agenda.
- 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. This will be discussed in more detail later in the agenda.

**Workforce Innovation and Opportunity Act (WIOA)**. Enacted in July 22, 2014, WIOA 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 also 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. Through collaborations with state and local partners, community rehabilitation programs, stakeholder and national experts to develop and implement new services and identify evidence based practices, the DOR has implemented or completed the following:

- Improved statewide coordination of services to youth and students with disabilities through increased collaboration with the California Departments of Education (CDE) and Social Services as well as local education agencies.
- Substantively increased work experience opportunities for students with disabilities through collaboration with local education agencies, community rehabilitation programs, America's Job Centers of California, and the Foundation for California Community Colleges.
- Improved informed choice for individuals with intellectual and developmental disabilities through the provision of career counseling and information and referral services to over 17,500 individuals working in subminimum wage employment.
- Increased opportunities for competitive integrated employment for individuals with intellectual disabilities and developmental disabilities through collaborative development of Local

Partnership Agreements that support person-centered planning and data sharing to improve outcomes.

- Improved business engagement through ongoing collaborations with statewide and local workforce boards and the establishment of a “Hot Jobs” website to further solidify DOR as a talent resource for employers seeking to hire qualified individuals with disabilities.

The Rehabilitation Services Administration (RSA) issued final WIOA regulations in September 2016 and provided technical assistance in late 2017. The DOR has achieved key milestones and expects to fully implement the final WIOA requirements before 2020. Examples of remaining requirements are final modifications to the information technology data collection system, continued transformation of services to youth and students with disabilities, and full implementation of RSA’s new performance metrics. The DOR must additionally establish efficiencies to meet RSA’s documentation requirements for pre-employment transition services, as these administrative activities are not allocable to the 15 percent reserve.

**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 (SSA) 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 (WIP) 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 2013-14, DOR was provided nine temporary help positions to develop the WIP Pilot Program to assist additional individuals receiving vocational rehabilitation services improve employment outcomes and decrease their dependency on SSI/SSDI benefits. The WIP Pilot Program generated an additional \$684,076 in SSA reimbursements. The 2015 Budget Act included \$3.1 million in federal expenditure authority and 31 positions to permanently establish WIP services. These WIP positions generated roughly \$1.7 million in SSA reimbursements for 2015-16 and roughly \$4.8 million in 2016-17. In 2017-18, these positions have generated roughly \$2.5 million through September 2017.

**CaPROMISE Grant Update.** In fiscal year 2014-15, the DOR 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.

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>

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

and 21 Local Educational Agencies (LEAs) to coordinate services, direct outreach, recruitment, and involvement of participants.

The grant is currently in its fourth year. All six approved permanent full-time positions have been hired and performing their duties and responsibilities since FY 2014-15. Total enrollment of 3,273 participants was completed on April 30, 2016. Of those enrolled, 1,646 participants were randomly assigned to the CaPROMISE services group (treatment group) and are receiving the services by the CaPROMISE. Services are received from 21 LEAs where Career Service Coordinators provide case management, service coordination, and benefits planning along with three California State Universities (CSUs) who provide interns for pre-vocational services. The main focus is on service provision: benefits and financial planning (by Career Service Coordinators at the LEAs who are also certified benefits planners), work experience (at least one paid and one unpaid work experience for each participant by the end of the project), and independent living skills trainings through partnership with four ILCs.

**Traumatic Brain Injury (TBI) Program.** 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 over 900 impacted individuals lead productive and independent lives. DOR also funds education, information, and referral services for over 10,000 individuals impacted by TBI; as well as serving an additional 1,300 individuals with TBI through its Vocational Rehabilitation Program.

TBI Fund revenues stem from penalties paid for various violations of California's Vehicle Code. Section 1464 of the Penal Code establishes that 0.66 percent of the state penalty funds imposed upon every fine, penalty, or forfeiture collected by the courts throughout the state for criminal and vehicular offenses, be contributed to the TBI Fund. In addition, fines that are collected for violation of California's seat belt law support the TBI Program.

Sites historically received \$150,000 per year from the TBI Fund. However, the California State Controller's Office reports that the Seatbelt Penalty Fund (SPF) has decreased by over \$50 million since 2006-07. The TBI Fund has not generated enough revenue to support the \$150,000 per site funding level since 2006. In 2015-16, each of the seven sites received \$120,000. The 2014 Budget Act included a one-time revenue transfer of \$500,000 from the Driver Training Penalty Assessment Fund (DTPAF) to the TBI Fund. The 2016 Budget Act included a one-time revenue transfer of \$360,000 from the DTPAF. The 2017-18 and 2018-19 budget provide a transfer of \$800,000 from the SPF to the TBI Fund.

The department has been seeking additional funding opportunities, such as federal grants; so far, however, the department has been unsuccessful at identifying a stable funding source for the TBI programs.

**Independent Living Center Funding.**

Independent Living Centers (ILCs) are private nonprofit organizations that provide a variety of services to individuals with disabilities of all ages. DOR funds, administers, and supports 28 ILCs 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.

ILCs receive government funding from both Title VII (c) funds from the U.S. Department of Health and Human Services, under the Administration for Community Living (ACL) and Title VII (b) funds through the DOR. State funds come from Social Security Reimbursement Program Income through the DOR. Together, the 28 ILCs receive approximately \$22 million. Each ILC receives a different amount, based on various funding formulas for the different funding streams.

The 2017 Budget Act included a \$705,000 augmentation that was provided originally in the 2016 Budget, but was suspended for that year, for three of the ILCs, including the Disability Resources Agency for Independent Living (DRAIL), serving Amador, Calaveras, Tuolumne, Mariposa, Stanislaus, and San Joaquin Counties; the Independent Living Center of Kern County (ILCKC), serving Kern County; and Placer Independent Resources Services, Inc., serving Placer, El Dorado, and Alpine Counties. Each of the ILCs received a \$235,000 augmentation to their state funded base; these centers, which were established with federal VII-C funds, were originally excluded from receiving state funded base funding.

The Independent Living Network (Network), which consists of the California Foundation of Independent Living Centers (CFILC), the State Independent Living Council (SILC), the 28 ILCs, and the Department of Rehabilitation (DOR), recognizes that these funding streams are not distributed equitably among the ILCs. The Network has begun to have conversations to discuss what more equitable funding would look like.

The Network has broadly agreed that base, population, and geography are critical factors in a funding formula, that no ILC should get a reduction as a result of a new funding formula, and that a new funding formula should address periodic cost-of-living adjustments (COLAs). The Network has developed a funding concept, based on population, size of service area, and a base amount for each ILC. The concept, which is based on a formula developed and agreed upon for the distribution of American Recovery and Reinvestment Act (ARRA) funds, uses the following concepts:

- Considers the aggregate of all public funds for mandated core services, and does not consider other private funds or non-public funds that may be specific to a center.
- Allocates 40 percent of the aggregate funds for each ILC as a base, which would be established by dividing the total base by the number of ILCs.
- Allocates 50 percent of the aggregate funds that could be allocated based on the ratio of the population within each ILC catchment area to the total state population.
- Allocates 10 percent of the aggregate funds based on the geography of the catchment area.
- Allows that a percentage of funds could be specifically directed to targeted initiatives.

- For funds not allocated at the state level, equitable allocation would be achieved by adjusting state funds.

The DOR reports that this conversation regarding the future of ILC funding is continuing.

**Staff Comment and Recommendation.** Hold open.

**Questions.**

1. Please provide a brief update for the department and its programs and services.
2. Please provide an update on the status of TBI funding.
3. Please provide an update on conversations with stakeholders regarding ILC funding.