



An independent federal agency making recommendations to the President and Congress to enhance the quality of life for all Americans with disabilities and their families.

Workforce Investment Act Reauthorization

**National Council on Disability
March 23, 2010**

TOPICAL BRIEF: Vocational Rehabilitation (VR) Funding

ISSUE 1: Inadequate funding for state VR programs
--

Recommendation:

Congress should authorize those funds necessary to equitably provide the Federal match for the state/Federal VR program. Further, Congress should amend the VR funding formula to consider not only a state's percentage of national population, but also its percentage of people with disabilities, and maintain states at their existing formula levels, without cuts, through a grandfathering period.

Summary of Concern:

Although VR is an approximately \$2.5 billion program, adjusted for inflation through a cost of living adjustment (COLA), it has become apparent in recent years that the combination of Federal and state matching funds available to the program have proved insufficient to meet the needs of all eligible individuals. Under the current system of funding VR, the overall national program receives a mandatory COLA based on the Consumer Price Index (CPI). This COLA is then distributed to the states using a formula based largely on overall population growth and the average wage in each state. This formula has resulted in well over 20 states receiving less than the mandated COLA in any given year. It is also not apparent that this formula takes into account the population growth of working-age people with disabilities who need VR services to obtain competitive employment. Currently, Reallotment Funds, funds returned by states that do not match their entire federal allotment, are sometimes used to begin to address this formula problem by helping to insure that no state actually receives fewer dollars than the prior year. The additional amount needed to bring all states up to the minimum COLA has been estimated at approximately \$20 million dollars per year. A combination of any available Reallotment Funds and increases phased in over a number of years would insure all states reach the mandated COLA without adversely impacting any states that currently receive greater than the COLA due to the distribution formula.

ISSUE 2: Service delays for people with significant disabilities

Recommendation:

Congress should authorize the establishment of a Task Force comprised of representatives from the Office of Management and Budget (OMB), Council of State Administrators of VR (CSAVR), National Council of State Agencies for the Blind (NCSAB), and the Office on Disability Employment Policy (ODEP), as well as rehabilitation consumers to make recommendations to Congress regarding statutory/funding formula changes to reduce or eliminate undue service delays for people with significant disabilities. The Task Force would be chaired by the Assistant Secretary, OSERS at the U.S. Department of Education, and provide a report with findings and recommendations within a six-month period after the signing of the bill into law.

Summary of Concern:

A growing number of states have an approved Order of Selection, which has increased the number of eligible individuals with disabilities who are on waiting lists to receive services. Order of selection is a provision of the law that allows states to delay or withhold the provision of many services to some otherwise eligible individuals when state program resources do not enable all valid requests for service to be met. As a result, people deemed to have the least significant disabilities may be denied services or be placed on waiting lists for service, which can result in substantial delays. Although it is difficult to estimate the proportion of eligible people who may have sought services or achieved stable competitive employment through them, the current situation in which many people are denied resources and opportunities from VR, is both troubling and unsustainable. It may be that some of those people who cannot obtain VR services in a timely manner will receive meaningful assistance through the One-Stop system. However, VR's role as a mandatory partner to the One-Stop system means that where order-of-selection prevails, VR's ability to provide supportive services to the One-Stops may also be compromised.

ISSUE 3: Separate funding authority

Recommendation:

Congress should continue separate funding authorization for Supported Employment State Grants, Projects with Industry, Migrant and Seasonal Farm workers, and Recreation projects to provide a structured balance in the Rehabilitation system that would not be achieved with limited Title I funds. Likewise, Congress should continue to authorize VR as a separate Title with separate funding under WIA.

Summary of Concern:

When the WIA was adopted, the reauthorization of the Federal-state VR services program for people with disabilities (the Rehabilitation Act) was included as its Title IV. At that time, considerable controversy surrounded the degree to which the existing VR system should be retained or merged into the new workforce development system. In

the end, Congress sought to achieve the best of both approaches by retaining the state VR system but creating opportunities and requirements for cooperation between VR and the newly created local Work Investment Boards, One-Stop Career Centers and other WIA entities. The VR system is a complex combination of stand-alone and collaborative functions and responsibilities. In its collaborative role, the VR system is one component of the overall Federal employment system operating under the auspices of WIA. As a separate program with separate funding under WIA, VR can continue focus on assisting people with disabilities in obtaining competitive jobs in their communities.

ISSUE 4: Focus on job retention and career advancement

Recommendation:

Congress should extend current VR responsibility to monitor employment outcomes from 60 days to 12 months to place renewed focus on job retention and career advancement, with results documented. Accordingly, Congress should provide separate line item appropriations to support extended VR attention to job retention and career advancement.

Summary of Concern:

The current VR system retains a structure that focuses on short-term outcomes rather than the reality of long-term challenges of job retention and career advancement. Many VR clients recycle back to VR after less than one year as a result of limited or no supports available from VR or any other system.

ISSUE 5: Documented collaboration efforts in service delivery

Recommendation:

Congress should require VR state plans to document collaboration in service delivery with both disability and generic systems, including Mental Health, Developmental Disability, Social Security field offices, and local Workforce Development One-Stops. Congress should require state Annual Reports to RSA to document these collaborations and their results.

Summary of Concern:

Primary and secondary sources of information indicate concern about the capacity and effectiveness of vocational rehabilitation and workforce development professionals to provide effective and meaningful services and supports to people with the most significant disabilities. Currently, coordination and collaboration amongst VR agencies, Workforce Development, Veterans Affairs, and Social Security is limited and typically does not provide a seamless system of support. Section 101(a)(11)(A) of the Rehabilitation Act requires the designated state VR agency to enter into cooperative agreements with other entities that are components of the statewide workforce investment system, and to replicate these agreements at the local level between individual offices of the designated state unit and the local entities carrying out activities through the statewide workforce investment system. These agreements, particularly

those at the local level, are important mechanisms to ensure effective communication, collaboration, coordination, and cooperation between the VR program and its partners in the statewide workforce investment system.

ISSUE 6: Enhanced options for SSI and SSDI applicants

Recommendation:

Congress should require Social Security Administration (SSA) field offices to offer referral to VR and the local Workforce Development area to all Supplemental Security Income (SSI) and/or Social Security Disability Insurance (SSDI) applicants, whether or not they are successful in becoming a beneficiary.

Summary of Concern:

Applicants for Social Security benefits are often unaware of resources and supports available from other systems. With the advent of the One-Stop Career Center approach to delivering employment and training services nationally, SSA recognized a unique opportunity to gain assistance for its beneficiaries and has actively pursued collaborative projects with the Employment and Training Administration (ETA). Although previous Department of Labor (DOL) employment programs, such as the Job Training Partnership Act, were ineffective in serving individuals with significant disabilities, WIA continues to present an opportunity for beneficiaries to successfully access and benefit from the same employment services as those available to the general public. While SSA has begun positive work to harness these opportunities, currently, SSA does not formally offer applicants referral to other systems, which misses another important opportunity to coordinate return-to-work strategies.

ISSUE 7: Enhanced Partnership Plus Activities with Area ENs

Recommendation:

Congress should require each VR state agency to document their Partnership Plus activities with area Employment Networks (ENs) in their annual report to RSA as part of effective collaboration under the Ticket to Work program.

Summary of Concern:

Under Social Security's Ticket to Work program, a person with a Ticket may choose between being served by a provider approved by SSA to function as an EN or being served by the state VR agency. An EN may choose whether or not to serve a particular Social Security beneficiary with a disability. However, since Social Security beneficiaries with disabilities are presumptively eligible for services, VR agencies cannot choose whether or not to serve a particular beneficiary.

In 2008, SSA issued revised regulations that significantly improved the Ticket to Work program. Partnership Plus represents a new service delivery model that allows flexibility for increased collaboration among VR agencies and ENs. When a State VR agency serves a beneficiary under the new Partnership Plus option, the beneficiary may initially receive VR services to meet his/her intensive up-front service needs, and after the VR

case is closed, the Ticket Holder may assign his/her Ticket to an EN and receive job retention services or ongoing support services. While the EN has the potential to earn Phase 2 Milestone and Outcome payments, the Phase 1 Milestone payments are not available to the EN where VR closed the case with the beneficiary in employment.

ISSUE 8: Advance self-employment as an employment option

Recommendation:

Congress should require all VR state plans to document policies and practices to advance self-employment as an employment goal and report annually as to expenditures made to support this goal as well as on collaboration and results with Small Business Development Centers (SBDCs).

Summary of Concern:

Title V of WIA recognizes and emphasizes self-employment as an employment outcome for clients in the VR system. For an individual to be successful in pursuing and maintaining self-employment, it is critical that both business professionals and disability service providers work as a collaborative team in assessing the individual's readiness for self-employment and identifying and providing the necessary supports to the individual. In addition, it is critical for people with disabilities to understand how their government cash benefits and health care coverage may be affected by becoming self-employed.

Often in the past, disability service providers have not collaborated effectively with the business community and business services and support systems have not been receptive to individuals with more severe disabilities who are looking to enter self-employment. To address this concern, rehabilitation and social service agencies are increasingly implementing strategies and establishing partnerships with other public and private sector agencies to advance self-employment as an effective route to economic independence and self-sufficiency for their clients. For example, a survey of SBDCs shows that although only 8 percent of SBDCs had formal interagency agreements with rehabilitation agencies, the majority of the respondents report it important to have the assistance of the rehabilitation agencies when working with people with disabilities. SBDCs that have interagency agreements at either the local or state level reported higher rates of referrals and more experience in meeting the needs of individuals with disabilities who desire to enter self-employment.

The National Council on Disability wishes to express its appreciation to Michael Morris and Dr. Peter Blanck (The Blanck Group, LLC) for their assistance in developing this brief.