

MEMORANDUM

TO: Joint Budget Committee Members

FROM: Megan Davisson, JBC Staff

SUBJECT: Pending Items for Department of Human Services, Division 9

DATE: March 14, 2014

The Committee tabled the Division of Vocational Rehabilitation during the February 11, 2014 figure setting pending another option for how to increase transparency in the Vocational Rehabilitation Program's budget and additional information about tracking changes implemented as a result of the audit findings. The Committee also asked to revisit the option to appropriate additional General Fund to draw down more federal funds for vocational rehabilitation services. The Committee also asked about staffing levels of the State Veterans Nursing Homes and what construction had been done in the past couple of years.

Long Bill Changes to Increase Budget Transparency

Staff has prepared the following option, and if the Committee adopts this change, staff requests permission to work with the Department to ensure the figures for the line items are correct. There will be no net change from the total funds recommended for the Division.

Division of Vocational Rehabilitation - Option to Increase Transparency for the Vocational Rehabilitation Program Budget		
Current Format		New Format Option
Line Items		Subdivision, Line Item Description
Rehabilitation Programs - General Fund Match Rehabilitation Programs - Local Funds Match Business Enterprise Program for People Who Are Blind Business Enterprise Program - Program Operated Stands, Repair Costs, and Operator Benefits Independent Living Centers and State Independent Living Council Older Blind Grants Traumatic Brain Injury Trust Fund Federal Social Security Reimbursements		(1) Vocational Rehabilitation Programs Administration The personal services and operating expenses for the management and administration of the Vocational Rehabilitation Program. Vocational Rehabilitation Counselors Cost of the state employed vocational rehabilitation counselors who work directly with the clients Vocational Rehabilitation Services Cost of services provided to clients School to Work Assistance Program - School Portion Amount of SWAP funds that are matched with federal funds and returned to the schools School to Work Assistance Program - Vocational Rehabilitation Portion Additional federal match from SWAP funds that remain in the Vocational Rehabilitation Program Local Funds Local Funds from counties, donations, and the Mental Health and Alcohol and Drug Abuse Services Division. (2) Other Programs Business Enterprise Program for People Who Are Blind Business Enterprise Program - Program Operated Stands, Repair Costs, and Operator Benefits Independent Living Centers and State Independent Living Council Older Blind Grants Traumatic Brain Injury Trust Fund Federal Social Security Reimbursements

The table on the following page summarizes the appropriation for each of the new line items. As stated before, staff requests permission to work with the Department to make any technical adjustments to the line items.

Division of Vocational Rehabilitation -Appropriation for New Line Items			
Subdivision, Line Item	Description	Total Funds	FTE
(A) Vocational Rehabilitation Programs			
Administration	The personal services and operating expenses for the management and administration of the Vocational Rehabilitation Program.	\$2,993,424	53.5
Vocational Rehabilitation Counselors	Cost of the state employed vocational rehabilitation counselors who work directly with the clients	10,734,806	159.2
Vocational Rehabilitation Services	Cost of services provided to clients	6,327,586	
School to Work Assistance Program - School Portion	Amount of SWAP funds that are matched with federal funds and returned to the schools	9,506,562	0.0
School to Work Assistance Program - Vocational Rehabilitation Portion	Additional federal match from SWAP funds that remain in the Vocational Rehabilitation Program	12,762,592	11.0
Local Funds	Local Funds from counties, donations, and the Mental Health and Alcohol and Drug Abuse Services Division.	1,474,864	0.0
Total		\$43,799,833	223.7

If the Committee adopts the new format for the Division, staff will incorporate those changes into the line item recommendations. The recommendations presented below are based on the current Long Bill format of the Division.

Tracking of Audit Changes

Appendix A of this document includes a draft of the dashboard the Department is using to track the implementation of the December 2013 audit findings. In total there were 20 audit findings with a total of 64 subparts. Due to the serious nature of a number of the audit findings, staff recommends the following request for information be included for FY 2014-15:

Department of Human Services, Services for People with Disabilities, Division of Vocational Rehabilitation -- The Department is requested to submit a monthly report on the status of implementation of the findings in the Colorado State Auditor's November 2013 performance audit of the Department of Human Services' Division of Vocational Rehabilitation.

Unmatched Federal Funds for Vocational Rehabilitation Services

Excess Federal Funds

For FY 2014-15 there remains federal funds in the State's federal Division of Vocational Rehabilitation account which could be used to service individuals waiting for services. The following table summarizes how much federal funds remain in the State's account.

Division of Vocational Rehabilitation Funding				
	General Fund	Cash Funds	Reapprop. Funds	Federal Funds
General Fund Match	\$4,272,517	\$0	\$0	\$15,786,245
Local Funds	0	34,647	5,118,194	19,038,900
Total	\$4,272,517	\$34,647	\$5,118,194	\$34,825,145
Total Available Federal Funds				\$54,255,901
Unmatched Federal Funds				\$19,430,756

Options to Serve Additional Individuals

To pull down all federal funds in the account the General Assembly would have to appropriation \$5,258,896 General Fund. Based on the weighted average cost of \$2,525 to provide vocational rehabilitation services to an individual, if the total amount of federal funds were matched an additional 9,898 individuals could be served. This number exceeds the number on the waiting list and for the Committee's consideration the following table summarizes, based on average cost of services how much it would cost to serve additional individuals.

Number of Individuals	Division of Vocational Rehabilitation Funding				Total	Difference from Available Funds
	Most Significant (72%)	Significant (23%)	Other (5%)			
1,000	\$1,677,600	\$702,880	\$144,150	\$2,524,630	(\$22,165,022)	
2,000	3,355,200	1,405,760	288,300	5,049,260	(19,640,392)	
3,000	5,032,800	2,108,640	432,450	7,573,890	(17,115,762)	
4,000	6,710,400	2,811,520	576,600	10,098,520	(14,591,132)	
4,828	8,099,453	3,393,505	695,956	12,188,914	(12,500,738)	
5,000	8,388,000	3,514,400	720,750	12,623,150	(12,066,502)	
6,000	10,065,600	4,217,280	864,900	15,147,780	(9,541,872)	
6,097	10,228,327	4,285,459	878,883	15,392,669	(9,296,983)	
7,000	11,743,200	4,920,160	1,009,050	17,672,410	(7,017,242)	
8,000	13,420,800	5,623,040	1,153,200	20,197,040	(4,492,612)	
9,000	15,098,400	6,325,920	1,297,350	22,721,670	(1,967,982)	
10,000	16,776,000	7,028,800	1,441,500	25,246,300	556,648	

As of February 4, 2014 there are 4,828 individuals receiving services. As of February 1, 2014 there are 6,097 individuals waiting for vocational rehabilitation services; of which:

- 4,386 are individuals with a most significant disability
- 1,430 are individuals with a significant disability;
- 281 are individuals who have a disability that is neither significant nor most significant.

Recommendation: **At this time staff does not recommend appropriating additional General Fund dollars to this Program.** If the monthly reports on audit recommendation implementation demonstrate the Department's ability to effectively correct the findings of the audit, the Committee should revisit this issue for FY 2015-16.

(D) DIVISION OF VOCATIONAL REHABILITATION

The Division of Vocational Rehabilitation assists individuals, whose disabilities result in barriers to employment or independent living with attaining and maintaining employment and/or independent living. At any of the forty-three field and satellite offices located throughout the state, rehabilitation counselors work with clients to assess their needs and identify appropriate vocational rehabilitation services. The Division also administers state and federal and state grants to independent living centers working to enable individuals with disabilities to live independently and for programs that provide assistant to elderly blind individuals.

Division of Vocational Rehabilitation						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$52,232,637	\$6,107,308	\$4,085,320	\$5,117,803	\$36,922,206	231.2
H.B. 14-1238 (Supplemental Bill)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$52,232,637	\$6,107,308	\$4,085,320	\$5,117,803	\$36,922,206	231.2
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$52,232,637	\$6,107,308	\$4,085,320	\$5,117,803	\$36,922,206	231.2
R12 Community provider rate	69,993	69,993	0	0	0	0.0
Centrally appropriated line items	<u>834,891</u>	<u>171,869</u>	<u>9,331</u>	<u>391</u>	<u>653,300</u>	<u>0.0</u>
TOTAL	\$53,137,521	\$6,349,170	\$4,094,651	\$5,118,194	\$37,575,506	231.2
Increase/(Decrease)	\$904,884	\$241,862	\$9,331	\$391	\$653,300	0.0
Percentage Change	1.7%	4.0%	0.2%	0.0%	1.8%	0.0%
FY 2014-15 Executive Request						
Request Above/(Below)	\$53,070,475	\$6,279,805	\$4,094,651	\$5,118,194	\$37,577,825	231.2
Recommendation	(\$67,046)	(\$69,365)	\$0	\$0	\$2,319	(0.0)

LINE ITEM DETAIL**Rehabilitation Programs - General Fund Match**

Description: This line item appropriated the General Fund Match portion of the federal vocational rehabilitation grant. For every \$1 of General Fund the Program it receives \$3.69 federal funds up to the total federal grant. The General Fund and grant are used to operate the state's vocational rehabilitation programs which provide vocation services for individuals with disabilities (not just developmental disabilities). Services include: counseling and guidance, job development or placement, mental restoration services, occupational licenses, tools and equipment, physical restoration services, assistive technology, specialized services for a specific disability, telecommunications services, and training. Since the focus of these programs is employment and independent living, services generally do not include medical treatment or rehabilitation.

Request: The Department requests an appropriation of \$20,055,815 total funds, of which \$4,271,889 is General Fund and 212.7 FTE. The request includes the annualization of the FY 2013-14 salary survey and merit pay appropriations.

Recommendation: **Staff recommends the Department's request for an appropriation of \$20,055,815 total funds, of which \$4,271,889 is General Fund and 212.7 FTE.** Currently there are 6,055 individuals waiting for these services. Additional information was not available to staff at the time this document was prepared on the amount of federal funds remaining the State's federal account. Additional General Fund could be appropriated to pull down those federal funds which can be used for services for a number of individuals waiting for services.

Rehabilitation Programs - Local Match

Description: This line item contains matching funds for the federal funds from non-General Fund sources including:

- private donations, shown as cash funds;
- cash funds from local governments interested in extending vocational rehabilitation services to qualified participants in the Temporary Assistance to Needy Families program
- reappropriated funds transferred from the Department of Education on behalf of school districts participating in the School-to-Work Alliance Program, which provides job development, on-the-job training, and job-site support to students with disabilities; and
- Reappropriated funds from the Mental Health Institutes for services to their clients.

Request: The Department requests an appropriation of \$24,191,741 total funds and 11.0 FTE. The request includes the annualization of the FY 2013-14 salary survey and merit pay appropriations.

Recommendation: **Staff recommends the Department's request for an appropriation of \$24,191,741 total funds and 11.0 FTE.**

Business Enterprise Program for People who are Blind

Description: The Business Enterprise Program assists blind or visually-impaired individuals in operation of vending and food service businesses in approximately forty-five state and federal buildings. The Program is the result of the federal Randolph-Sheppard Vending Facility, which give priority to blind and visually impaired individuals who wish to operate and manage food and vending services in federal and state government office buildings and facilities. The Program utilizes funding from this line item to support site development, initial merchandise and supply inventory, purchasing equipment, and providing technical support to vendors. After initial set-up is established, managers operate the facility with revenue from food sales. All operators pay a certain percentage of their profits, up to 13.0 percent, to support the Program. This revenue is deposited into the Business Enterprise Cash Fund. Moneys in the Fund are used to match federal funds, which cover most associated Program expenditures at a rate of \$1 cash funds to \$3.69 federal funds (78.7 percent federal match rate).

Request: The Department requests an appropriation of \$1,203,912 total funds and 6.0 FTE. The request includes the annualization of the FY 2013-14 salary survey and merit pay appropriations.

Recommendation: **Staff recommends the Department's request for an appropriation of \$1,203,912 total funds and 6.0 FTE.**

Business Enterprise Program - Program Operated Stands, Repair Costs, and Operator Benefits

Description: This line item pays for costs associated with the Business Enterprise Program that are not eligible for the federal match including: costs associated with temporary state operation

of vending facilities when a vendor leaves the program; equipment maintenance and repair during this interim period; and payments to operators to support their health insurance, IRA contributions, and vacation pay (operators are not state employees). Revenues from the operation of the vending stands and payments by the vendors support this program. Expenses and revenues in this line item are highly unpredictable, as they are dependent upon whether one or more operators abandon sites during the year.

Request: The Department requests an appropriation of \$429,000 cash funds. The request does not include any changes from the FY 2013-14 appropriation.

***Recommendation:* Staff recommends the Department's request for an appropriation of \$429,000 cash funds due to the unpredictable nature of the need for this funding.**

Independent Living Centers and State Independent Living Council

Description: This line item funds the Independent Living Council, grants, and contracts with independent living centers. The Division contracts with the ten independent living centers that provide services to individuals with disabilities that enable these individuals to live independently. Grants are used to assist individuals with significant disabilities in living independently outside of institutions.

Request: The Department requests an appropriation of \$2,333,115 total funds, of which \$2,007,288 is General Fund. The request does not include any changes from the FY 2013-14 appropriation.

***Recommendation:* Staff recommends an appropriation of \$2,403,108 total funds, of which \$2,067,506 is General Fund.** The recommendation includes an increase associated with 3.0 percent community provider rate increase. The recommendation is calculated in accordance with Committee policy and outlined in the following table.

Services for People with Disabilities, Division of Vocational Rehabilitation, Independent Living Centers and State Independent Living Council					
	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	<u>\$2,333,115</u>	<u>\$2,007,288</u>	<u>\$29,621</u>	<u>\$296,206</u>	<u>0.0</u>
TOTAL	\$2,333,115	\$2,007,288	\$29,621	\$296,206	0.0
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$2,333,115	\$2,007,288	\$29,621	\$296,206	0.0
R12 Community provider rate	<u>69,993</u>	<u>69,993</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,403,108	\$2,077,281	\$29,621	\$296,206	0.0
Increase/(Decrease)	\$69,993	\$69,993	\$0	\$0	0.0
Percentage Change	3.0%	3.5%	0.0%	0.0%	0.0%
FY 2014-15 Executive Request:	\$2,333,115	\$2,007,288	\$29,621	\$296,206	0.0
Request Above/(Below) Recommendation	(\$69,993)	(\$69,993)	\$0	\$0	0.0

Older Blind Grants

Description: This line item provides independent living services to persons age 55 or older who are blind or visually impaired, independent living centers and community agencies. Most of the individuals served through these grants have become blind older in life, and are provided assistance in learning new strategies for accomplishing daily tasks and participating in community and family activities.

Request: The Department requests an appropriation of \$450,000 total funds. The request does not include any changes from the FY 2013-14 appropriation.

Recommendation: **Staff recommends the Departments request for an appropriation of \$450,000 total funds.**

Traumatic Brain Injury Trust Fund

Description: The Traumatic Brain Injury Trust Fund receives revenue from a \$20 surcharge for DUI and related convictions, a \$15 surcharge for speeding violations, and a \$10 surcharge for helmet convictions. The Traumatic Brain Injury Board may also accept gifts, grants, and donations, although none have been forthcoming. At least 55.0 percent of the money must be spent for direct services for people with traumatic brain injuries, at least 25.0 percent for research, and at least 5.0 percent for education. The Board has discretion over the remaining 10.0 percent.

Request: The Department requests an appropriation of \$3,300,721 cash funds and 1.5 FTE. The request includes the annualization on FY 2013-14 salary survey and merit pay appropriations.

Recommendation: **Staff recommends the Department's request for an appropriation of \$3,300,721 cash funds and 1.5 FTE.**

Federal Social Security Reimbursement

Description: This line item funds the purchase of services outlined in a consumer's individualized plan for employment including training and assistive technology. The federal funds in this line item represent incentive payments from the federal Supplemental Security Income Program (SSI Program) when vocational rehabilitation programs successfully remove people from the SSI Program.

Request: The Department requests an appropriation of \$1,103,224 federal funds. The request does not include any changes from the FY 2012-13 appropriation.

Recommendation: **Staff recommends the Department's request for an appropriation of \$1,103,224 federal funds.**

State Veterans Nursing Home Staffing and Construction Information

The Committee asked about staffing levels of the State Veterans Nursing Home and what construction had been done in the past couple of years. Appendix B has a summary of that information.

DASHBOARD
 DIVISION OF VOCATIONAL REHABILITATION
 IMPLEMENTATION OF AUDIT RECOMMENDATIONS
 AS OF 1/21/2014

		Number of Subparts Implemented or In-Progress and On-time	Number of Subparts In Progress but Not On-time	Number of Subparts Overdue
Number of Audit Recommendations	20			
Number of Audit Recommendation Subparts	64			
Number of Subparts Implemented	2	2	0	0
Number of Subparts Planned to be implemented within <30 days	7	7	0	0
Number of Subparts Planned to be Implemented within 3 months:	3	3	0	0
Number of Subparts Planned to be Implemented within 6 months:	8	8	0	0
Number of Subparts Planned to be Implemented within 9 months:	35	35	0	0
Number of Subparts Planned to be Implemented within 1 year:	9	9	0	0
Total:	64	64	0	0

Detail List of Recommendation Subparts In Progress but Not On-Time	# of Days Until Due?	Description of Reason for Delay	Revised Implementation Date
N/A	N/A		

Detail List of Recommendation Subparts Overdue	# of Days Past-Due	Description of Reason for Delay	Revised Implementation Date
N/A	N/A		

Appendix B: State Veterans Nursing Home Staffing and Construction Information Provided by the Department of Human Services						
		FY 2009 - 2010	FY 2010 - 2011	FY 2011 - 2012	FY 2012 - 2013	FY 2013 - 2014
Fitzsimons	Actual FTE	219.5*	225.1*	204.3*	220.5*	210.9**
	Construction & Improvements	None	None	None	Began renovation of serving kitchens, dining rooms, and family rooms. Began upgrade of nurse call system, implementation of the electronic health record.	Continuing renovation of serving kitchens, dining rooms, and family rooms. Continuing upgrade of nurse call system, implementation of the electronic health record.
Florence	Actual FTE	135.0*	135.0*	136.0*	147.0*	151.0**
	Construction & Improvements	Began renovation of Special Care Unit, kitchen, and Sports Grill.	Completed renovation of Special Care Unit, kitchen, and Sports Grill. Began and completed renovations of nurses stations.	Began renovation of bathhouse.	Completed remodel of bathhouse. Began and completed replacement of water heaters.	Began renovation of laundry room. Began repair of water damage to Special Care Unit and kitchen. Began and completed replacement of sewer line.
Homelake	Actual FTE	76.1*	72.3*	82.9*	89.8*	97.8**
	Construction & Improvements	Continued renovation of the Domiciliary (Renovation began in FY 2008 - 2009)	Continued renovation of the Domiciliary (Renovation began in FY 2008 - 2009)	Completed renovation of Domiciliary.	None	Began and completed replacement of sewer line. Started Phase I of Cemetery Expansion.
Rifle	Actual FTE	98.78*	101.58*	92.5*	95.7*	108.6**
	Construction & Improvements	None	None	Began renovations of Rehabilitation Area, Secure Care Unit, and outdoor areas.	Completed renovations.	Began and completed replacement of sewer line.
Walsenburg	Actual FTE	1.0*	1.0*	1.0*	1.0*	1.0**
	Construction & Improvements		Began renovations to Special Care Unit (dining/activities, food service, courtyards) main food service area, HVAC/controls and support spaces.	Continued renovations.	Completed renovations; finalized furniture, fixtures, and equipment purchases.	Completed furniture, fixtures, and equipment purchases, closed out project.

* Actual FTE based on payroll reports dated June 30th.

** Actual FTE based on payroll reports dated February 18, 2014. (Note: FTE projections provided on January 31, 2014 included actual count and anticipated positions to be filled by the fiscal year-end. The FTE projection at Florence should have been 151.0 FTE for both FY 2013-14 and FY 2014-15).