

**REPORT TO THE  
CHAIRMEN OF THE SENATE FINANCE AND HOUSE  
APPROPRIATIONS COMMITTEES ON VOCATIONAL  
REHABILITATION SERVICES AND LONG-TERM EMPLOYMENT  
SUPPORT SERVICES FOR INDIVIDUALS WITH DISABILITIES**

October 1, 2012

During the 2012 Session of the Virginia General Assembly, the Assembly directed in Item 330.J of the Appropriations Act that

*“The Commissioner of Rehabilitative Services, in collaboration with employment services stakeholders, shall report on the provision of vocational rehabilitation services and long-term employment support services for individuals with disabilities. At a minimum, the report shall include an analysis of the effectiveness of these services, the number of individuals served, and the duration, average cost, and type of services provided including whether services are provided by the Department of Rehabilitative Services, or other public or private vendors. The report shall also include an update of the current waiting list, closed categories under order of selection and employment status or employment support needs of prior year program participants. The report shall be provided to the Chairmen of the Senate Finance and House Appropriations Committees by October 1, 2012.*”

### **Introduction**

This report is being submitted by the Department for Aging and Rehabilitative Services (DARS), formerly the Department of Rehabilitative Services. Data used to develop this report, particularly as it relates to the Long Term Employment Support Services program, was previewed by the Employment Services Organization Steering Committee at its July 10, 2012 meeting. Virginia is extremely fortunate to have a strong network of qualified providers who are approved vendors of employment services for people with disabilities. These organizations are accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF) and, as such, maintain a level of standards and practices that assure effective service delivery for people with the most significant disabilities.

## **VOCATIONAL REHABILITATION SERVICES**

### Background Information

Section 51.5-188 of the *Code of Virginia* designates the Department for Aging and Rehabilitative Services as the state agency for the purpose of cooperating with the federal government in carrying out the provisions and purposes of the federal Rehabilitation Act of 1973 (29 U.S.C. § 701 et seq.) in the provision of vocational rehabilitation (VR)

services. The Department's VR program is a federal/state partnership with the Department receiving approximately 78% of its Title I funding from the Federal Rehabilitation Services Administration with a required State match of about 22%. Funds are utilized to provide VR services to eligible Virginians with physical and intellectual disabilities to assist them in gaining, retaining or advancing in employment in the community. To be eligible for services, individuals must have a physical or intellectual disability, must require VR services for employment, and must be able to benefit from VR services, meaning the severity of the disability does not prevent them from achieving an employment outcome. Services are either provided by qualified VR personnel (i.e. VR counselors, evaluators) or by public or private vendors. In addition, approximately 3,000 VR consumers per year receive services at the Woodrow Wilson Rehabilitation Center. Services provided by public or private vendors are considered to be "cost" services, meaning that the vendors are paid by the Department to provide the service. All services must be individualized and necessary to assist the consumer in obtaining the employment outcome specified on the consumer's Individualized Plan for Employment (IPE). Services are provided at the local level with the Department operating 36 field offices across the Commonwealth. A successful rehabilitation outcome occurs when the consumer has achieved the employment outcome described in the IPE and has maintained the job for 90 days or more to ensure job stability to the point that VR services are no longer needed. A successful rehabilitation may only occur when the consumer works in an integrated setting. A competitive employment outcome occurs when the consumer is compensated at or above minimum wage, but not less than the customary wage and level of benefits paid by the employer for the same or similar work performed by individuals who are not disabled.

#### State Fiscal Year 2012 Outcome Information

In State Fiscal Year (SFY) 2012, the Department's VR program served 29,758 consumers. This was a 9% decrease as compared to SFY 2011 due to the closing of categories under the Department's Order of Selection. Of the 29,758 served, 15,065 (50.6%) were students in transition (below the age of 24). Every consumer receives guidance and counseling from a qualified rehabilitation counselor employed by the Department. Often the consumer also receives job placement services provided by Department placement counselors, or this service may be vended to an Employment Service Organization.

Typically, 50% or more of the VR consumer case service funding goes to supported employment and job coach training services provided by the ESOs. SFY 2012 was consistent with this historical trend with 53% spent on supported employment and job coach training services. The next highest service, in terms of cost, was assessments (7.3%), followed by college and university training (6%). Chart 1 describes the type and cost of services for all consumers served in SFY 2012.

Chart 1-Services and Cost of Services for Consumers Served- SFY 2012

Service Category	Amount Spent	% of Total
Supported Employment and Job Coach Training	\$7,682,852	53.0%
Assessment	\$1,059,990	7.3%
Training-College & University	\$871,959	6.0%
Medical/Mental Health Treatment	\$639,028	4.4%
Transportation-Fuel or Travel	\$615,557	4.2%
Job Readiness Training	\$518,595	3.6%
Maintenance	\$510,791	3.5%
Other Goods and Services	\$479,712	3.3%
Personal Assistant Services	\$398,152	2.7%
Training-Occupational or Vocational	\$339,987	2.3%
Physical Restoration	\$334,028	2.3%
Motor Vehicle Modification/Repair	\$306,033	2.1%
Interpreter Services	\$221,980	1.5%
Training-Miscellaneous	\$185,705	1.3%
Rehabilitation Technology	\$157,155	1.1%
Clothing	\$107,635	0.7%
Basic Remedial or Literacy Training	\$39,163	0.3%
On the Job Training	\$35,508	0.2%
<b>Total</b>	<b>\$14,503,839</b>	

During SFY 2012, 3,089 consumers were successfully rehabilitated; 1,359 (44%) of these were students in transition. Over 90% of these consumers achieved competitive employment. Average hourly earnings were \$10.00, and average hours worked were 30. The average length of time that these individuals spent in the VR program was 25 months, and the average cost of their VR services was \$4,139. Chart 2 describes the type and total cost of services (life of case) for those who were successfully rehabilitated. Supported employment and job coach training services were the highest category (52.6%), followed by college and university training (6.6%), and maintenance services (5.7%).

Chart 2-Services and Cost of Services for SFY 2012 Successfully Rehabilitated Consumers – Life of Case

Service Category	Amount Spent	% of Total
Supported Employment and Job Coach Training	\$5,365,608	52.6%
Training-College & University	\$677,709	6.6%
Maintenance	\$578,752	5.7%
Medical/Mental Health Treatment	\$504,196	4.9%
Assessment	\$491,660	4.8%
Transportation-Fuel or Travel	\$392,484	3.8%
Other Goods and Services	\$378,912	3.7%
Physical Restoration	\$328,112	3.2%
Job Readiness Training	\$296,142	2.9%
Training-Occupational or Vocational	\$236,919	2.3%
Motor Vehicle Modification/Repair	\$218,218	2.1%
Personal Assistant Services	\$193,181	1.9%
Training-Miscellaneous	\$152,286	1.5%

Interpreter Services	\$151,773	1.5%
Clothing	\$84,702	0.8%
Rehabilitation Technology	\$73,724	0.7%
On the Job Training	\$72,184	0.7%
Basic Remedial or Literacy Training	\$2,877	0.0%
<b>Total</b>	<b>\$10,199,447</b>	

### Order of Selection and Current Waiting List

When the VR program has insufficient resources to serve all eligible consumers, the federal Rehabilitation Act requires that services be prioritized. This is what is called an Order of Selection. Under Order of Selection, those with most significant disabilities must be served first. The Department has been in Order of Selection since July 1, 2004. The Order of Selection operates with four categories of consumers: (1) most significantly disabled (three or more serious functional limitations); (2) significantly disabled with two serious functional limitations; (3) significantly disabled with one serious functional limitation; and (4) all other eligible individuals. These categories are opened and closed dependent on available funding. When a category is closed, all new consumers are placed on a waiting list until the category is opened. From March 1, 2011 until May 30, 2012, the Department had all categories closed, meaning that all individuals determined eligible for services were placed on a waiting list for services. Effective June 1, 2012, the Department opened the Category 1 (most significantly disabled). However, the other three categories remain closed and newly eligible consumers who are in these categories continue to be placed on the waiting list, which currently stands at 1,848.

### **LONG TERM EMPLOYMENT SUPPORT SERVICES PROGRAM (LTESS) AND EXTENDED EMPLOYMENT SERVICES (EES)**

Through a network of seventy community-based ESOs, the Commonwealth of Virginia provides long term follow along services for persons receiving supported employment and facility based employment services. Utilizing state general funds to follow the time limited VR services helps consumers with significant disabilities to receive continued support to maintain their employment following VR case closure.

The Virginia General Assembly first appropriated long term follow along funds in 1983 for a set number of ESOs to provide extended employment services (EES) in sheltered workshops, and periodically increased the amount of funding available. In 1995, the General Assembly appropriated additional funds to establish the Long Term Employment Support Services (LTESS) program to address post-VR gaps in services to persons receiving individual community-based employment supports. This state-funded program serves approximately 3,000 significantly disabled individuals annually. In SFY 2012, approximately \$7.5 million was distributed to seventy-two ESOs. The funds are split between two different funding streams: \$4.8 million was allocated to LTESS to support 2,637 individuals, and \$2.6 million was allocated to the EES program to support 439 individuals.

Traditionally, the EES program provided funding to support employment in sheltered workshops, referred to today as facility-based employment. But, the program has evolved through the years to include group community employment with enclaves and mobile crews. To respond to the need for organizations to support more individuals working in individual community-based employment, the Department has recently modified this program to encourage organizations to begin to support individual community placements through supported employment. Both the EES and LTESS programs now have the ability to fund the full array of services: individual community based employment, group community-based employment, and extended employment services.

Expansion has occurred in the LTESS program with the focus being on individualized employment in integrated, competitive jobs in the community. The LTESS program began in 1995 with \$375,000 and served 201 individuals. In 2012, \$4.8 million was allocated to the LTESS program and supported 2,637 individuals.

The Department utilizes ESOs to provide services to VR consumers to assist them in becoming employed. The LTESS funds allow the Department to purchase services through the ESOs to effectively serve consumers with the most significant disabilities who require long term follow along services to maintain their employment. Without specialized employment supports, these consumers (39% with intellectual disabilities, 21% with serious mental illness, and 11% with sensory and physical disabilities) would not be successfully employed.

Eighty-eight percent of consumers who receive long term follow along services through LTESS work in the community in individual supported employment, mobile crews or enclaves. Twelve percent receive support for employment in a facility-based employment setting.

The average annual cost to serve a person in individual supported employment through LTESS is \$995.00. The average annual cost to support a person in any of the group employment models (enclave, mobile crews or facility-based) is \$4,944.00. In SFY 2012, the Department spent \$2,131,007 on job coaching support for 2,142 consumers with significant disabilities in individual supported employment jobs. The remainder of the \$4,809,291 in LTESS funds provided long term supports to 495 people employed in group and facility-based settings.

Hourly wages for people funded through the LTESS program range from less than a dollar an hour to a normal high in the mid teens. The average hourly wage of all persons served through LTESS for SFY 2012 was \$7.37. Persons served in individual Supported Employment through the LTESS program saw an average increase in hourly earnings from \$8.80 per hour in SFY 2010 to \$9.15 per hour in SFY 2012. During the same time period, hours worked also increased an average of 1.5 per month, while the average cost per participant decreased from \$1,054 in SFY 2010 to \$995 in SFY 2012. A recent return-on-investment study conducted by the University of Richmond has found that, for

individuals served in Supported Employment between SFYs 2000 and 2010, each \$1.00 spent for LTESS services was matched by about \$3.50 in consumers' earnings.

In contrast to the favorable outcomes for Individual Supported Employment, the majority of persons employed in the facility-based employment settings earn sub-minimum wage, which is allowable by organizations that hold a Department of Labor Sheltered Workshop Certificate under the Fair Labor Standards Act, Section 14(c). Workers are generally paid based on their productivity, often on a piece rated system. The special minimum wage has existed for individuals with disabilities under federal law since 1938. This provision allows employers to pay less than the minimum wage mandated for other workers. There is a national movement among disability advocates that has caused this practice increased scrutiny in recent years.

A funding shortfall of \$721,264.00 existed in the LTESS program in SFY 2012. This is the amount of dollars needed to provide long term follow along services to the individuals currently on the LTESS rolls. This dollar figure does not include the individuals who could have benefitted from LTESS, but were not served. An official waiting list is not maintained.

Attachment A contains data for SFYs 2010 through 2012 regarding the LTESS program. This data provides a comparison of performance outcomes and demographics for these three fiscal years.

## **Conclusion**

Two major issues confront DARS and its partners and will require ongoing attention.

- (1) During the 2012 Session of the Virginia General Assembly, DARS received an appropriation of \$6,684,000 for the biennium to support the VR program, specifically targeted to the ability to address Order of Selection. However, this appropriation will not likely be sufficient to respond to the needs of the projected large influx of consumers seeking services. At our current funding level, we anticipate needing to close all categories defined in the Order of Selection once again.
- (2) Another ongoing issue we will need to address over the coming years is the number of LTESS consumers who earn a subminimum wage. This is a legal practice, but we can do better. Our consumers, their families, and society correctly expect improvement.

Virginia faces a significant unemployment rate within the community of Virginians with disabilities. At the same time, our network of ESOs, as described in this report, offers a unique and valuable tool. By working together, DARS and its network of ESOs plan to see more Virginians with disabilities enter the Commonwealth's workforce as they

assume jobs leading to careers with the increased capacity to contribute not only their talents but their wages to our Commonwealth.

## 2010-2012 LTESS Statistics

2012

2011

2010

<b>70 ESOs</b>	
Total on Rolls	2,790
Total Served	2,637
New Additions	621
Total Closures	511

<b>73 ESOs</b>	
Total on Rolls	2,808
Total Served	2,664
New Additions	828
Total Closures	566

<b>75 ESOs</b>	
Total on Rolls	2,676
Total Served	2,576
New Additions	673
Total Closures	533

<b>LTESS Expenditures:</b>	
FY 2012 Allocation	\$4,809,292.00
Total Funds Spent	\$4,809,291.81
<b>Balance Remaining</b>	<b>\$0.19</b>

<b>LTESS Expenditures:</b>	
Ending FY 10 Allocation	\$4,903,222.00
Beginning Reduction:	-\$93,930.00
Beginning FY 11 Allocation	\$4,809,292.00
2.68% Reduction	-\$128,819.00
Revised FY 11 Allocation	\$4,680,473.00
Total Funds Spent	\$4,680,473.00
<b>Balance Remaining</b>	<b>\$0.00</b>

<b>LTESS Expenditures:</b>	
Beginning Allocation	\$4,431,595.00
Additional Funds from Commissio	\$471,627.00
Revised Beginning Allocation	\$4,903,222.00
Total Funds Spent Within ESOs	\$4,903,221.99
<b>Balance Remaining</b>	<b>\$0.01</b>

<b>Production Statistics</b>	
Avg. Monthly Productivity	80%
Avg. Monthly Wages	\$648.48
Avg. Monthly Hours Worked	88.01
Avg. Hourly Wage Combined	\$7.37
Avg. SE Hourly Wage	\$9.15
Avg. Monthly Attendance	76%
Avg. Monthly Hours Billed DRS	2.46
# Providing SE Individual	50
Statewide shortage	*\$721,264

<b>Production Statistics</b>	
Avg. Monthly Productivity	80%
Avg. Monthly Wages	\$653.33
Avg. Monthly Hours Worked	88.13
Avg. Hourly Wage Combined	\$7.41
Avg. SE Hourly Wage	\$9.11
Avg. Monthly Attendance	77%
Avg. Monthly Hours Billed DRS	2.61
# Providing SE Individual	52
Statewide shortage	*\$670,288

<b>Production Statistics</b>	
Avg. Monthly Productivity	80%
Avg. Monthly Wages	\$623.02
Avg. Monthly Hours Worked	86.51
Avg. Hourly Wage Combined	\$7.20
Avg. SE Hourly Wage	\$8.80
Avg. Monthly Attendance	75%
Avg. Monthly Hours Billed DRS	2.71
# Providing SE Individual	54
Statewide shortage	*\$373,351

\*The funding shortage is the total amount needed in addition to each organization's allocation and reallocation to fund all consumers served for the entire year.

<b>Disabilities of Consumers on Rolls</b>	
ID:	39%
SMI:	21%
Sens/Phys	11%
TBI	4%
ASD	7%
Learning Dis	10%
Cognitive	8%

<b>Disabilities of Consumers on Rolls</b>	
ID:	40%
SMI:	22%
Sens/Phys	12%
TBI	4%
ASD	6%
Learn. Dis	9%
Cognitive	7%

<b>Disabilities of Consumers on Rolls</b>	
ID:	41%
SMI:	23%
Sens/Phys	12%
TBI	4%
ASD	5%
Learn. Dis	7%
Cognitive	8%

<b>Annual Cost Per Person</b>	
SE Hourly \$2,131,007/2,142 =	\$995.00
Daily \$2,447,248/495 =	\$4,944.00
Daily rates include onsite, offsite, enclave & crew but do not include transportation	

<b>Annual Cost Per Person</b>	
SE Hourly \$2,074,660/2,125 =	\$976
Daily \$2,399,157/539 =	\$4,451
Daily rates include onsite, offsite, enclave & crew but do not include transportation	

<b>Annual Cost Per Person</b>	
SE Hourly \$2,126,491/2,018 =	\$1,054
Daily \$2,557,203/558 =	\$4,583
Daily rates include onsite, offsite, enclave & crew but do not include transportation	

<b>Services Provided</b>	<b>\$ Expended</b>
SE (Hourly) 2142	\$2,131,007.00
Enclave	\$613,383.00
Mobile Crew	\$81,313.00
Offsite	\$127,456.00
Onsite	\$1,625,096.00
Transportation	\$231,036.00
	<b>\$4,809,291.00</b>

88% of consumers in LTESS work in the community in SE individual placement, mobile crews, enclaves, and offsite.

<b>Services Provided</b>	<b>\$ Expended</b>
SE (Hourly) 2125	\$2,074,660
Enclave	\$584,325
Mobile Crew	\$76,144
Offsite	\$126,376
Onsite	\$1,612,312
Transportation	\$206,656
	<b>\$4,680,473</b>

87% of consumers in LTESS work in the community in SE individual placement, mobile crews, enclaves, and offsite.

<b>Services Provided</b>	<b>\$ Expended</b>
SE (Hourly) 2018	\$2,126,491
Enclave	\$625,967
Mobile Crew	\$85,491
Offsite	\$124,374
Onsite	\$1,720,927
Transportation	\$219,972
	<b>\$4,903,222</b>

86% of consumers in LTESS work in the community in SE individual placement, mobile crews, enclaves, and offsite.

**EES/LTESS ADMINISTRATIVE:** There were no state funds allocated to support DRS Administrative costs in FY 2012, 2011 or 2010