

ANALYSIS

Item 16: Department of Human Services Vocational Rehabilitation Rate Parity

Analyst: Gregory Jolivet

Request: Increase Other Funds expenditure limitation by \$3,600,000 and establish four positions (2.52 FTE) for the Vocational Rehabilitation program to achieve rate parity with the Office of Developmental Disabilities Services (ODDS) for client employment services and build program infrastructure.

Analysis: This request has two parts: (1) an increase in rates paid to providers of employment services, and (2) four permanent full-time positions (2.52 FTE) to increase outreach and assistance to prospective employers and businesses with the aim of helping more clients reach their employment goals.

Vocational Rehabilitation (VR) Rate Increase. The VR and Office of Developmental Disabilities Services (ODDS) programs each contract with many of the same community-based organizations to provide employment services for their respective clients; however, historically, the VR program has paid less than ODDS for the same services. This issue was exacerbated by the 2021-23 legislatively adopted budget which fully funds a new Intellectual and Developmental Disabilities provider rate model but made no change in the rates paid by VR. Depending on the specific type of service (job coaching, placement, or retention) and client need/acuity, VR rates range from 12.5% to 66.7% lower than ODDS rates. If not addressed, the Department of Human Services believes this disparity could lead some providers to no longer serve VR clients. Effective July 1, 2022, the agency proposes to increase VR rates to match the ODDS rates at a cost of \$3.1 million in the current biennium. The agency proposes to fund the increase through the 2023-25 biennium by using an accumulated balance in the Youth Transitions program. Beginning in 2025-27, General Fund would be needed to cover the ongoing cost.

Regional Workforce and Business Coordinator Positions. The VR program is requesting four permanent full-time positions to help recovery and reemployment efforts for people with disabilities. The purpose of the positions is to conduct outreach and provide technical assistance to current and prospective employers with the aim of increasing opportunities for VR clients to achieve their employment goals. No budget increase is needed at this time as the 2021-23 position costs of \$0.3 million General Fund (\$0.6 million total funds) would be covered by one-time savings in the VR program; however, budgeted line items would need to be adjusted and positions would need to be added. The 2023-25 estimated cost is \$0.4 million General Fund (\$0.8 million total funds).

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend including an increase of \$3,600,000 in the Other Funds expenditure limitation and authorizing the establishment of four permanent full-time positions (2.52 FTE) for the Department of Human Services, Vocational Rehabilitation, to increase provider rates for employment services and to increase outreach to employers.

Request: Increase Other Funds expenditure limitation by \$3,600,000 and establish four positions (2.52 FTE) in the Vocational Rehabilitation (VR) program to increase staffing capacity for outreach to businesses and to implement rate parity between VR and the Office of Developmental Disabilities Services (ODDS) provider rates.

Recommendation: Approve the request during the February 2022 Legislative Session.

Discussion: There are two components to the VR program's request: 1) adding four Regional Workforce and Business Coordinator positions, and 2) increasing VR rates to match rates for providers that deliver the same services in the Intellectual and Developmental Disabilities (I/DD) program.

Position Authority Request

The Department has requested four permanent Program Analyst 2 positions (2.52 FTE) to serve as Regional Workforce and Business Coordinators. Currently, VR only has one coordinator to handle contact with all business employers across the state. The increased staffing capacity will perform outreach to businesses and connect them with specific and specialized services so more people with disabilities can find employment.

Staffing costs in the 2021-23 biennium are estimated at \$0.3 million General Fund (\$0.6 million total funds); however, these costs will be offset in the current biennium by a savings in the Special Payments budget category for the Basic Rehabilitation program. Although there is a net zero fiscal impact in the current biennium, there will be increased General Fund need in future biennia due to differences in inflation rates between the Personal Services and Special Payments budget categories. In addition, future roll-up costs will increase to reflect a full biennium's staffing costs at 4.00 FTE, which are estimated at \$0.5 million General Fund (\$1.0 million total funds).

VR Rate Parity Request

The VR program and ODDS (within the I/DD program) offer the same services to clients through contract providers; however, the VR program pays lower rates to providers when compared to the rates paid by ODDS. The VR program has developed a five-year spending plan to bring the rates between the two programs into alignment. The rate increases will be funded through an accumulated Other Funds balance from the Youth Transition Program, through the 2023-25 biennium. The VR program projects it will need an increase in its General Fund appropriation at some point in the 2025-27 biennium as accumulated Other Funds balances are exhausted.

The VR rates are categorized into separate tiers (service levels) and service delivery categories (job coaching, job placement, or job retention) based on client needs. Job placement is a direct service that is issued when an employment provider has successfully placed a VR client in competitive integrated employment. Job coaching is a direct service that is provided on an hourly basis to an employment provider. Job coaching is a direct service from an employment provider that helps the client learn the essential skills necessary to complete required job tasks beyond what is normally provided by the employer. Job retention is a direct service that is issued when an employment provider has supported a client to complete the initial training and stabilization in employment.

The proposed rate increases are presented below:

Track 1 (Non-ODDS Tier)	Job Coaching (Hourly Rate)	Job Placement	Job Retention	Track 1 Fiscal Impact
Average 2019-21 Hours/Caseload	527	756	581	
Current Rate	\$ 40	\$ 1,000	\$ 1,250	
New Rate (Effective July 1, 2022)	\$ 40	\$ 1,250	\$ 2,000	
Fiscal Impact (Rate Change)	\$ -	\$ 189,000	\$ 435,750	

Track 2 (ODDS Tier 1-4)	Job Coaching (Hourly Rate)	Job Placement	Job Retention	Track 2 Fiscal Impact
Average 2019-21 Hours/Caseload	122,638	1,815	1,388	
Current Rate	\$ 40	\$ 1,500	\$ 1,500	
New Rate (Effective July 1, 2022)	\$ 45	\$ 1,500	\$ 2,500	
Fiscal Impact (Rate Change)	\$ 613,190	\$ -	\$ 1,388,000	

Track 3 (ODDS Tier 5-7)	Job Coaching (Hourly Rate)	Job Placement	Job Retention	Track 3 Fiscal Impact
Average 2019-21 Hours/Caseload	5,786	60	55	
Current Rate	\$ 40	\$ 2,000	\$ 2,000	
New Rate (Effective July 1, 2022)	\$ 65	\$ 2,000	\$ 3,000	
Fiscal Impact (Rate Change)	\$ 144,650	\$ -	\$ 55,000	

Direct	Job Coaching (Hourly Rate)	Job Placement	Job Retention	Direct Fiscal Impact
Average 2019-21 Hours/Caseload	13,383	264	213	
Current Rate	40.00	1,500	1,500	
New Rate (Effective July 1, 2022)	45.00	1,500	2,500	
Fiscal Impact (Rate Change)	\$ 66,915	\$ -	\$ 213,000	

Total Fiscal Impact (Rate Change) \$	3,105,505
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Of the \$3.6 million Other Funds expenditure limitation increase, \$3.1 million is directly related to increasing rates and the remaining \$0.5 million is to align the Other Funds expenditure limitation with the five-year spending plan.

Legal Reference: Increase the Other Funds expenditure limitation established by chapter 606, section 2(4), Oregon Laws 2021, for the Department of Human Services, by \$3,600,000 for the 2021-23 biennium.



Oregon

Kate Brown, Governor

Department of Human Services

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Senate Co-Chair Elizabeth Steiner Hayward
Representative Co-Chair Dan Rayfield
Oregon Legislative Fiscal Office
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RE: Rebuilding an inclusive economy for people with disabilities

Dear Co-Chairpersons:

Nature of the Request:

Vocational Rehabilitation (VR) is requesting position authority for four full-time (2.52 FTE) Regional Workforce and Business Coordinator's to increase engagement and outcomes for our business customers. In addition, VR is requesting rate increases for VR providers to match increases provided to the same providers by ODHS I/DD.

Rebuilding an inclusive economy for people with disabilities

The Vocational Rehabilitation (VR) program provides individualized services that assist Oregonians with disabilities in finding and keeping employment and helping individuals to re-engage in employment following an injury or if they lost their employment because of layoffs. Individuals with disabilities have experienced significant job loss due to the COVID-19 pandemic. This is evidenced by the fact that about 55% of Oregonians with disabilities are not in the labor force versus 19% of those with no disabilities¹. As we know from the last significant downturn in our economy, in the wake of the 2009 great recession, the "job losses among workers with disabilities far exceeded those of workers without disabilities; this labor market volatility resulted in the proportion of employed U.S. workers identified as having disabilities declining by 9 percent."² As we rebuild from this pandemic we can make purposeful decisions that will ensure that we have an equitable recovery from this pandemic for people with disabilities.

¹ Oregon Employment Department, "Oregon's Workforce from Expansion to Pandemic"

² H. Stephen Kaye, "The impact of the 2007-09 recession on workers with disabilities"

VR has two requests that will directly strengthen internal and external workforce capacity to help recovery and reemployment efforts for people with disabilities throughout the state.

1. VR is requesting position authority for four full-time (2.52 FTE) Regional Workforce and Business Coordinator's to increase engagement and outcomes for our business customers. This will lead to greater opportunities for VR clients to achieve their employment goals.
2. The second request relates to our contracted vendor workforce that are community-based organizations who provide employment services throughout the state. In the last legislative session, the ODHS Office of Developmental Disability Services (ODDS) had their new rate model for their providers fully funded. Many of these providers are also contractors for VR and provide similar services. Using the same rate model, we are requesting an increase in our limitation of authority to spend Other Funds to bring VR and ODDS into parity for the contracted services both programs provide.

Agency Action:

Building capacity to connect people with disabilities to businesses

VR Regional Workforce and Business Coordinators provide essential services to business. These business services include disability expertise in equity, service, and support. VR helps employers recruit and hire a diverse, equitable and inclusive workforce by connecting them with job seekers with disabilities.

Specialized VR business personnel assigned to serve in each region will:

- Strengthen partnership with local business
- Increase access in rural communities
- Connect culturally specific services
- Maximize collaboration with workforce partners

These positions support Oregon's workforce recovery by increasing employment opportunities for Oregonians with disabilities and getting businesses back on their feet. A direct introduction to employers would help many job seekers with disabilities reengage in the workforce and attain competitive integrated employment. These job seekers are often under-served by VR without easy access to warm hand-off connections to employers in their local area. The current method of contracted services can be slow whereas the requested positions would provide rapid response and engagement. Currently, VR's one Workforce and Business Coordinator is the only contact for all partner employers and all business services statewide. Without these positions, we do not have enough capacity to provide disability specific and specialized services for businesses to connect them with individuals with

disabilities. With these positions, we can support more businesses to employ people with disabilities who would otherwise not have the skills or capacity to do so.

Building in wage equality for VR providers

In order to increase the Other Funds limitation to fulfill the rate increase for our contractors, VR has explored all available funding sources to come into parity with ODDS for the same services. Through this fiscal analysis VR has developed a five-year funding plan that will meet the increase in wages for contracted services without needing additional general funds from the legislature. The cost associated with the rate increase would be covered by the already available Other Funds administered by VR.

Action Requested:

1. VR is requesting position authority of 2.52 FTE Regional Workforce and Business Coordinators.
2. The VR program is also requesting an increase of \$3.6 million in Other Funds limitation to bring VR and ODDS into parity for the contracted services both programs provide.

Legislation Affected:

Increase VR Other Funds limitation by \$3,600,000 ch 606 2(4).

If you have questions, please contact Keith Ozols, Director of the Vocational Rehabilitation Program at 503-602-4055.

Sincerely,



Fariborz Pakseresht
Director

cc: Laurie Byerly, Legislative Fiscal Office
Gregory Jolivette, Legislative Fiscal Office
George Naughton, Department of Administrative Services
Ali Webb, Department of Administrative Services
Mike Streepey, Department of Administrative Services