

Chapter 7

Vocational Rehabilitation State Grants

Title IV of the Workforce Investment Act

Potential as a source of workforce training:

- Services required to promote employment for individuals with disabilities.
- Vocational rehabilitation can fund many aspects of training and education for individuals with disabilities.

Challenges to be addressed:

- Improve performance reporting.
- Improve collaboration and coordination with WIA adult and dislocated worker programs.

Background

The history of vocational rehabilitation legislation in the United States traces back to the Smith-Fess Act of 1920. It provided rehabilitation services to World War I veterans with physical disabilities and created the first vocational rehabilitation programs in the country.

The Vocational Rehabilitation Act, first authorized in 1973,¹ was created to include individuals with disabilities fully in their communities and society by increasing self-determination, employment, and integration. It also sought to address discrimination against these individuals by society and social institutions.² Congress amended the act in 1998 and incorporated it into the Workforce Investment Act (WIA).³

Administered by the U.S. Department of Education’s (DoEd) Rehabilitation Services Administration (RSA), within the Office of Special Education and Rehabilitative Services, the Act has seven titles. This brief focuses on Title I, which authorizes state grants for vocational rehabilitation services. Additional titles address matters such as research and training on disability, rights and advocacy for individuals with disabilities in the workplace,

increasing employment opportunities for individuals with disabilities, and independent living services.

Current Legislative Status

The Act is currently awaiting reauthorization along with WIA. Although WIA’s authorization expired in 2003, Congress continues to appropriate funds, extending the program based on current statute.

Both the House and Senate passed versions of WIA reauthorization legislation during the 108th and 109th Congresses, but the bills were never brought to conference.

VOCATIONAL REHABILITATION STATE GRANTS AT-A-GLANCE

Statute: Vocational Rehabilitation Act of 1973 (P.L. 93-112), as amended by Title IV, Workforce Investment Act of 1998 (P.L. 105-220).

Administered by: U.S. Department of Education, Office of Special Education and Rehabilitative Services, Rehabilitation Services Administration.

Due for reauthorization: Authorization expired in 2003.

Federal funding: \$2.7 billion in FY06.

Type of program: Formula grant to states.

State agency with jurisdiction: Vocational rehabilitation agencies, which may be freestanding or housed in another department, such as labor or education.

Institutions involved: State vocational rehabilitation agencies and community-based rehabilitation providers.

Population served: More than 1.4 million individuals received VR services in FY04.

1 Public Law 93-112.

2 §2(a) of the Rehabilitation Act of 1973, as amended. All following references to statute are to this act, unless otherwise noted.

3 Public Law 105-220.

Funded Activities

The law defines vocational rehabilitation (VR) services as those that promote the employment of individuals with disabilities. VR encompasses a variety of supportive, medical, and assessment services, including:

- Assessment for determining eligibility and needs.
- Counseling in exercising informed choice.
- Diagnosis and treatment of medical conditions.
- Transportation assistance.
- Supported employment services.
- Assistance services necessary for success in the workplace.
- Specific post-employment services.

Training under VR

Training and employment activities may also be funded under the Act, including:

- Job search and placement assistance.
- Job retention services.
- Vocational counseling and guidance.
- College or vocational training.
- Supported employment services.
- Skills training.
- Job coaching or tutoring.

Eligibility for Vocational Rehabilitation States Grants

State Eligibility

To receive funds, each state must submit a plan to RSA. Among other requirements, the plan must describe how the state's VR services will be coordinated with other parts of its workforce investment system and include annual goals and progress reports.

Individual Eligibility

Individuals are eligible for services if an assessment determines that they have a disability *and* that they need vocational rehabilitation services to prepare for, secure, retain, or regain employment. The Act defines disability as a physical or mental

impairment that substantially impedes employment. In addition, anyone who has a disability or is blind as determined under Titles II (Social Security Disability Insurance, or SSDI) and XVI (Supplemental Security Income, or SSI) of the Social Security Act is presumed to be eligible for VR services.

To participate, eligible individuals must submit an individualized plan for employment. The plan—created by the vocational rehabilitation counselor and the person—must contain:

- A description of the desired employment outcome.
- A description of the specific services that the individual needs to achieve the chosen employment outcome.
- A timeline for achievement.
- A description of the service provider.
- A description of the evaluation criteria to gauge progress.
- The terms and conditions of the plan.
- The necessary extended services required for a supported employment setting.
- Any predicted need for post-employment services.

State VR agencies that determine they will not be able to serve all eligible individuals who apply for services must identify the order in which they will select individuals for services. Agencies using such a selection process must develop criteria for ensuring that individuals with the most significant disabilities are the first to receive services.

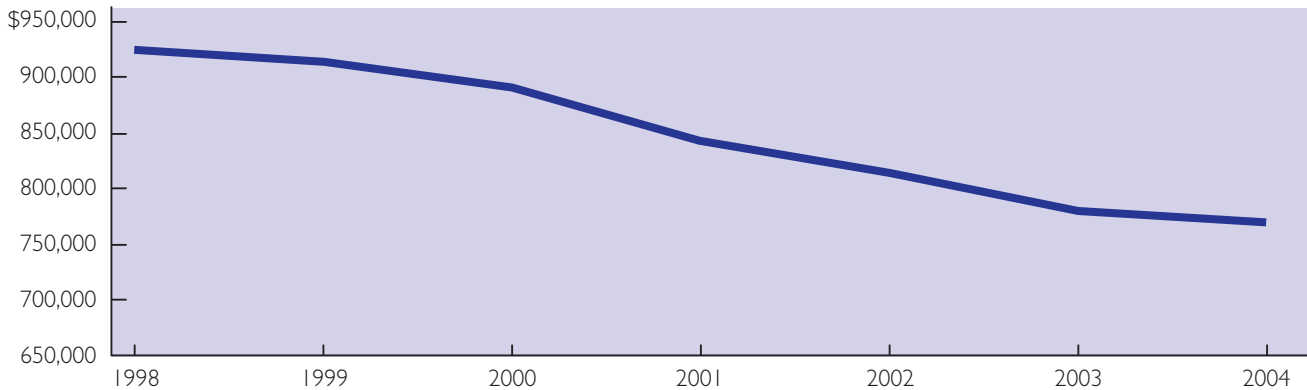
Funding Under Vocational Rehabilitation State Grants

Funding is distributed by a formula based on population and weighted by per-capita income. The federal RSA Commissioner can redistribute any state's unused funds to other states in need of additional funds no later than 45 days before the end of the fiscal year.

Appropriations for VR state grants are expected to total \$2.8 billion in FY07. The law requires VR appropriations to increase annually by the rate of inflation, as determined by the Consumer Price Index.

State allotments in FY05 ranged from a high of more than \$249 million in California to a low of \$7.6 million in Wyoming.⁴

TABLE 7-A
VOCATIONAL REHABILITATION FUNDING SPENT ON TRAINING, 1998-2004
(IN \$1,000s, ADJUSTED FOR INFLATION)



Source: U.S. Department of Education data

States must contribute matching funds: The ratio is 78.7 percent federal funds to 21.3 percent state funds.⁵ Expenditures by either the state or by local agencies fulfill the matching requirements.

VR Spending

Each state designates a single agency to administer its VR program, except where state law authorizes a separate agency to administer VR services to individuals who are blind. Currently, 24 states have separate VR agencies for the blind.⁶ Each state receives only one grant, however. States with a separate VR agency for the blind decide how to apportion the funding between it and the general VR agency.

4 U.S. Department of Education budget allocation tables, www.ed.gov/about/overview/budget/statetables/07stbyprogram.pdf, p. 42.

5 §7(14)A.

6 Government Accountability Office, *Vocational Rehabilitation: Better Measures and Monitoring Could Improve the Performance of the VR Program*, (Washington, 2005), p. 4.

7 Services include eligibility/needs assessment, physical/mental restoration, transportation, personal assistance services, and post-employment services.

8 U.S. Department of Education, *VR Expenditures by Category, and Percent Change from a Year Ago, Fiscal Year 2004*, www.ed.gov/rschstat/eval/rehab/2004-tables/2004-table16.xls.

9 U.S. Department of Education, *Amounts Spent on Services for Individuals, by Type of Service, and Percent Change from a Year Ago, Fiscal Year 2004*, www.ed.gov/rschstat/eval/rehab/2004-tables/2004-table17.xls.

10 U.S. Department of Education, *Eligibility Rate*, www.ed.gov/rschstat/eval/rehab/2004-tables/2004-table15.xls.

11 U.S. Department of Education, *Services Provided to Individuals with Employment Outcomes by Agency, Region, and Type of Agency*, www.ed.gov/rschstat/eval/rehab/2004-tables/2004-table21.xls.

Total VR expenditures (including state matching funds) totaled more than \$3.4 billion in FY04. Most of the funds were spent on services, including \$1.73 billion on services to individuals⁷ and \$1.2 billion on counseling and guidance.⁸

VR Spending on Training

Of the \$1.73 billion spent on services to individuals, 44 percent (\$769 million) was spent on training in FY04.⁹

Populations Served Through Vocational Rehabilitation State Grants

In FY04, 609,095 individuals with disabilities applied for VR services. Of those, VR agencies determined that 80.8 percent (or 491,988) were eligible. The remaining 19 percent were either ineligible or did not complete the eligibility determination process.¹⁰

Overall, state VR agencies provided services to more than 1.4 million individuals in FY04. Of those, approximately 213,000 individuals with disabilities achieved employment.¹¹

The Longitudinal Study of Vocational Rehabilitation, which tracked a nationally representative sample of 8,500 VR participants over several years, found that among VR participants:¹²

- About half (46.9%) received some form of public assistance before entering the program, with 16.2 percent receiving SSI and 11.4 percent receiving SSDI.
- The mean age was 42 years old.
- Slightly more than half (51%) were male.
- More than one-quarter (about 29%) had a congenital disability, about one-third (30%) had an orthopedic disability, and one-fifth (20%) had a mental illness.
- More than half (62.8%) had a GED or high school diploma.
- Only about one-quarter (26.4%) were employed when they started receiving VR services, while about another one-quarter (27.7%) had worked in the past but not in the two years before applying for VR services.

Institutions Typically Providing Services

State rehabilitation agencies administer and provide vocational rehabilitation services. Some agencies also purchase certain services from community-based rehabilitation providers.

Relationship to Other Programs

The vocational rehabilitation program has statutorily defined relationships with several other federal programs.

WIA

The law requires vocational rehabilitation services to be an integral part of the state workforce investment system established under WIA.¹³ This means that:

- The state VR agency must be represented on the state Workforce Investment Board (WIB).
- A representative of the state VR agency or a designated VR service provider must be a member of local WIBs.
- The state VR agency or a designated VR service provider must enter into Memoranda of Understanding (MOU) with local

WIBs that describe services to be provided, how VR will contribute to the operating costs of the one-stop system (in a proportional manner), and referral methods.

- VR services must be available through the one-stop system.

The VR state plan is also required to arrange for a cooperative agreement—between the state VR agency and components of state workforce system—that includes provisions for staff cross-training, cooperative efforts with employers, and use of customer service features (such as common intake and referral procedures).¹⁴

In addition, one representative of the state WIB must be included on the State Rehabilitation Council.¹⁵

Ticket to Work and Work Incentives Improvement Act (TWWIIA)¹⁶

Administered by the Social Security Administration (SSA), the Ticket to Work program¹⁷ provides access to employment services and vocational rehabilitation for Social Security recipients with disabilities who want to work. Under the program, SSA provides eligible beneficiaries with a “ticket” they can use to obtain the services and jobs they need from a qualified “Employment Network” (EN). Participation is voluntary.

Any state agency or instrumentality (or political subdivision), or a private entity that delivers or coordinates services, can apply to be an EN. One-stop centers and WIBs established under WIA are eligible ENs.

The Ticket to Work program offers the WIA system an additional potential funding source to meet the needs of participants with disabilities, although this funding would only be in the form of a specified amount paid if a participant were no longer entitled to Social Security disability payments because of earnings. Payment would not be available for those participants who did not leave the disability rolls.

¹² All bulleted data from: Becky J. Hayward and Holly Schmidt-Davis, *Longitudinal Study of Vocational Rehabilitation Services Program, Final Report 1: How Consumer Characteristics Affect Access to, Receipt of, and Outcomes of VR Services* (RTI International, Research Triangle Park, N.C., 2003).

¹³ §100(a)(2) of the Rehabilitation Act of 1973, as amended, and §121(b)(1)(B)(iv) of WIA. See Chapter 1 for more information about Title I of WIA.

¹⁴ §108(a)(11)(A).

¹⁵ §361.17(b)(xi) of the VR final rule, 66 FR 4392 (January 17, 2001).

¹⁶ More detailed information available at: www.yourtickettowork.com.

¹⁷ Created by the “Ticket To Work and Work Incentive Improvement Act of 1999,” Public Law 106-170.

Institutions of Higher Education

VR funds cannot pay for training services at an institution of higher education unless the VR agency and the individual have made the maximum effort to secure grant assistance, in whole or in part, from other sources.¹⁸

Other Interagency Coordination

State VR plans must include assurances that interagency agreements will be signed with any appropriate public entity—including the state Medicaid agency, a public institution of higher education, and a component of the state workforce system—to define the method for determining the financial responsibility of each entity for the provided services.¹⁹

In addition, the VR program shares responsibility with the state’s department of education for helping students with disabilities make the transition from the school system to employment.

Performance Accountability

The law requires the RSA Commissioner to determine performance indicators for the program. Currently, states are required to submit data annually on employment and equal access to individuals of all groups and backgrounds.

For employment, the performance measures focus on:

- Change (real and percent) in employment.
- “Competitive employment”—the achievement of employment with earnings equivalent to at least the federal or state minimum wage.
- Employment achieved by individuals with the most significant disabilities.
- Earnings ratio—the average hourly earnings of all individuals in competitive employment compared to the average hourly earnings of all employed individuals in the state.

¹⁸ §361.48(f) of VR final rule, 66 FR 4406 (January 17, 2001).

¹⁹ §101(a)(8)(B).

²⁰ The most recent guidance is Training and Employment Guidance Letter (TEGL) 17-05, issued in February 2006.

²¹ More information available at: www.doleta.gov/performance/guidance/tools_commonmeasures.cfm.

²² GAO, 2005, *op. cit.*

²³ Office of Management and Budget, *Program Assessment Rating Tool: Program Summaries* (Washington, 2005), p. 102.

- Self-support—increases in the number of those exiting the program who report earned income as their largest single source of support.

RSA establishes a national minimum performance goal for each indicator. State agencies that fail to meet the goal must develop a program improvement plan outlining specific actions they will take.

VR is one of several federal programs, across several departments, that are supposed to participate in a “common measures” policy to standardize outcome measures across multiple federal job training and education programs. States are currently required to collect and report data on three common measures—entered employment, employment retention, and average earnings—in several programs under the jurisdiction of the Department of Labor (DOL).^{20, 21} DoEd has not yet issued guidance on how programs under its jurisdiction should implement the new policy.

Policy Challenges Moving Forward

Several key policy challenges face the VR program:

Challenge: Improve performance reporting.

Several evaluations—including one by the Government Accountability Office (GAO)²² and one by the Office of Management and Budget²³—have identified two main problems in the VR program’s current performance reporting system.

First, the VR program’s current measures are not consistent with measures tracked under WIA. This may change, however, based on any new performance measures included in pending legislation to reauthorize WIA and when DoEd joins DOL in implementing the “common measures” policy.

Second, the VR program’s current measures do not account for demographic and economic variations among states. Instead, performance targets are set nationally, with each state expected to meet those targets. In contrast, other DOL programs—notably WIA—negotiate goals on a state-by-state basis.

Challenge: Improve collaboration and coordination with WIA adult and dislocated worker programs.

Although the WIA system has made some strides in reducing physical and other barriers to access for individuals with disabilities,²⁴ overall levels of collaboration and coordination appear low. According to GAO, federal data indicate that WIA one-stop centers provided services to less than 1 percent of all individuals who exited the VR program nationwide in FY03.²⁵

Dissemination of information about how some states—such as Minnesota—have achieved significant coordination and collaboration might be helpful to those in both the VR and WIA systems.

Additional Reading

The Law

The Workforce Investment Act of 1998 (Public Law 105-220)
www.doleta.gov/regs/statutes/wialaw.pdf

The Rehabilitation Act of 1973, as amended
www.ed.gov/policy/speced/leg/rehabact.doc

WIA Final regulations
www.doleta.gov/usworkforce/wia/finalrule.pdf

VR Final Regulations
www.ed.gov/legislation/FedRegister/finrule/2001-I/011701a.pdf

Government Summaries

Government Accountability Office, *Vocational Rehabilitation: Better Measures and Monitoring Could Improve Performance of the VR Program* (Washington, 2005).

U.S. Department of Education, *Annual Report: Fiscal Year 2001. Report on Federal Activities Under the Rehabilitation Act* (Washington, 2005).

Other Summaries and Analyses

Fesco, Sheila, and Doris Hamner, *Levels of Involvement of State VR Agencies and Other One-Stop Partners* (Institute for Community Inclusion, Boston, Mass., 2005).

Hayward, Becky J., and Holly Schmidt-Davis, *Longitudinal Study of Vocational Rehabilitation Services Program: Final Report 1* (RTI International, Research Triangle Park, N.C., 2003).

Hayward, Becky J., and Holly Schmidt-Davis, *Longitudinal Study of the Vocational Rehabilitation Services Program: Final Report 2* (RTI International, Research Triangle Park, N.C., 2003).

Holcomb, Pamela, and Burt S. Barnow, “Serving People with Disabilities through the Workforce Investment Act’s One-Stop Career Centers” (Washington, 2004), prepared for the Ticket to Work and Work Incentives Advisory Panel.

Institute for Community Inclusion, *Provisions in the Final Regulations Governing the State VR Program Describing the Interplay with WIA and TWWIA* (Boston, 2001).

John J. Heldrich Center for Workforce Development, *How the One-Stop System Serves People with Disabilities: A Nationwide Survey of Disability Agencies* (New Brunswick, N.J., 2002).

²⁴ Pamela Holcomb and Burt S. Barnow, “Serving People with Disabilities through the Workforce Investment Act’s One-Stop Career Centers,” (Washington, 2004), prepared for the Ticket to Work and Work Incentives Advisory Panel.

²⁵ GAO, 2005, *op. cit.*, p. 26.