

# South Carolina Vocational Rehabilitation Department



## Agency Budget Request 2015-2016

*Mission:*

*To prepare and assist South Carolinians with disabilities  
to achieve and maintain competitive employment.*

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## South Carolina Vocational Rehabilitation Department

*Preparing and assisting eligible South Carolinians with disabilities  
to achieve and maintain competitive employment.*

Barbara G. Hollis, Commissioner

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January 14, 2015

The Honorable G. Murrell Smith Jr., Chairman  
The Honorable William Clyburn  
The Honorable Jimmy C. Bales  
The Honorable J. Derham Cole Jr.

Ways and Means Healthcare Subcommittee  
South Carolina House of Representatives

Dear Representatives:

The Vocational Rehabilitation Department's budget request is hereby submitted for your consideration.

The department is requesting \$800,070 in additional recurring funding for 2015-2016 to meet the challenges of providing school-to-work transition services as well as job-driven vocational training. Significant needs also remain in deferred maintenance as a result of the years in which state budget reductions and accompanying federal penalties required us to delay facility maintenance projects. Our request for the upcoming year is for one-time funding of \$1.4 million to fund several deferred maintenance projects.

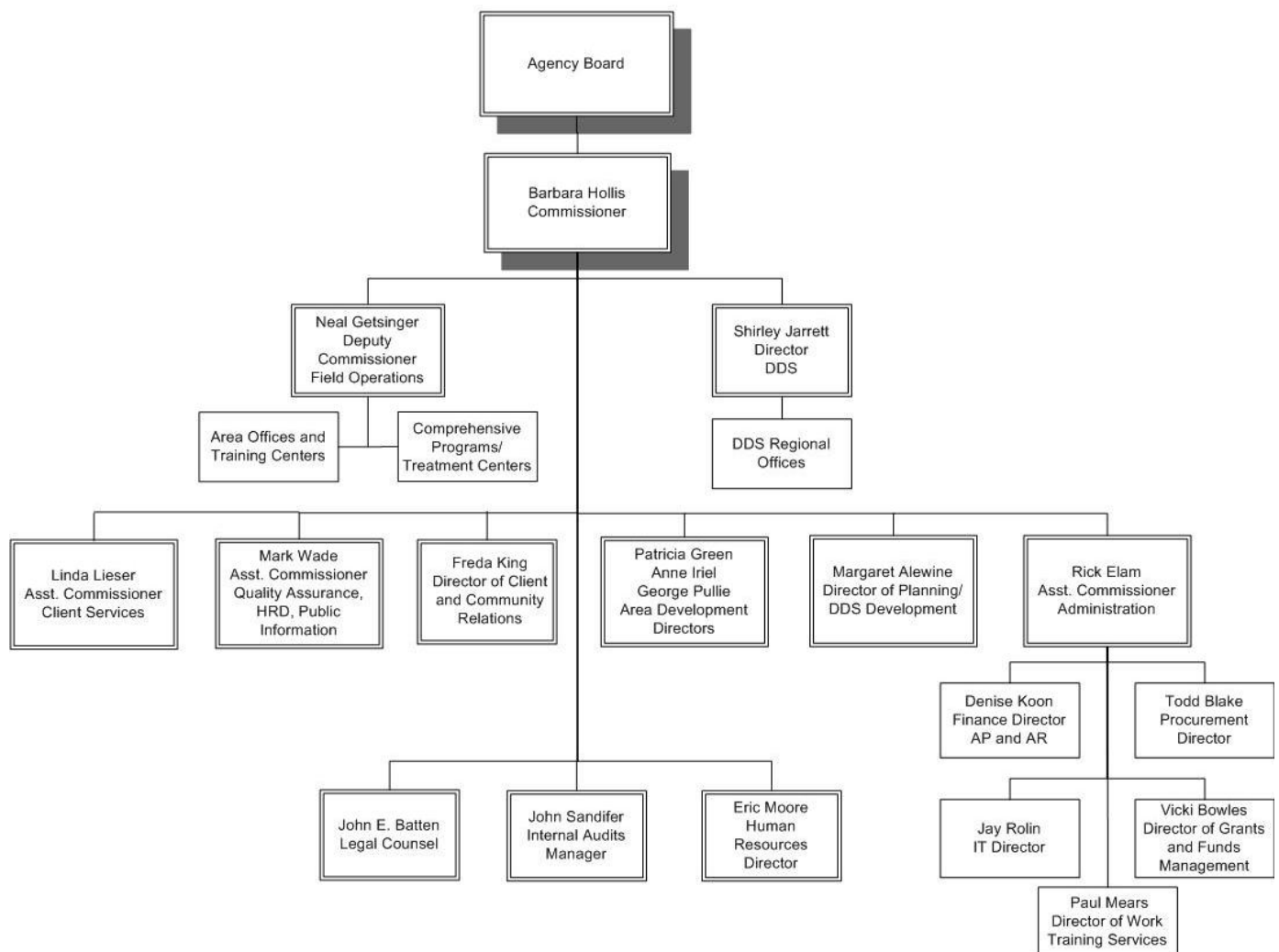
Vocational Rehabilitation services continue to generate an excellent return on investment for our state. The state portion of the department's funding last fiscal year was only \$405 per person served and \$2,383 per successful employment outcome. Those SCVRD clients will, as taxpaying members of the state's workforce, pay back more than four dollars for every dollar spent on their services and will repay the cost of services in about 4.4 years. Employers and our communities will benefit from the skills and talents of job-ready people with disabilities.

Thank you for your support of people with disabilities and Vocational Rehabilitation. Please let me know if you have any questions about our request or our services.

Sincerely,

Barbara G. Hollis  
Commissioner

## South Carolina Vocational Rehabilitation Department 2015



## Accountability Report Summary 2013-2014

- SCVRD rehabilitated 6,382 individuals with disabilities into employment in 2013-2014, an 18 percent increase from the previous year. The department served a total of more than 37,000 people (including all applicants and clients whose services may have carried over from previous years).
- During this past year, SCVRD ranked sixth nationally among all state vocational rehabilitation programs in competitive employment outcomes per 100,000 in population. In addition, it ranked first in the Southeast Region and seventh nationally in lowest total cost per successful client employment outcome.
- Based on a cost benefit analysis it is estimated that these rehabilitated clients will pay back \$4.83 for every dollar spent on their services by becoming taxpayers instead of tax consumers and will repay the cost of their services in 4.4 years.
- This year SCVRD updated its mission, vision, and values statements to reflect its focus on individual employee responsibility for quality client service delivery. SCVRD embarked on an initiative known as “Quality One” (or “Q1”), which has a theme of “Quality happens one person at a time.” This has included the establishment of workgroups to address quality measures and provide recommendations for a cohesive system that supports the provision of quality client services and metrics to gauge success and to realize results in increased successful employment outcomes for clients.
- Facility maintenance is an ongoing challenge for SCVRD. Many of the agency’s owned and operated facilities are aging and in need of repairs to continue to safely serve agency clients, business partners, and staff. Numerous projects were delayed for several years when resources were more limited. SCVRD has begun to address the needed repairs or other facility improvements but it will be a long-term challenge to meet the many deferred maintenance needs throughout the state and to address opportunities for strengthening the agency’s presence in the communities it serves.
- A key occurrence during this fiscal year came at the national level. SCVRD’s enabling federal legislation, the Rehabilitation Act, was reauthorized as part of the Workforce Innovation and Opportunity Act (WIOA). It brings significant changes in several key areas, most notably in school-to-work transition services for young people with disabilities and in its increased emphasis on partnerships with and supports for employers in enhancing employment opportunities for people with disabilities.
- While both of those areas of WIOA emphasis are generally aligned with initiatives that SCVRD already had in place, the new law will require higher levels of commitment of resources and intensity in fulfilling the goals of the legislation. Transition services will need to be further expanded to reach a greater number of young people who are in the critical stage of needing supports to be able to move into the employment arena, and SCVRD will also be tasked to provide a greater range of pre-employment services and supports.
- The agency has already made significant inroads in transition services in recent years by ramping up partnerships in schools and dedicating more staffing to school-to-work transition. The number of successful employment outcomes for that age group grew by more than 500 last year, an increase of 38 percent from the previous year. However, to meet the new WIOA requirements, additional resources will need to be in place for these services.
- SCVRD also is developing new Advanced Skills Training based on specific business needs. Advanced Skills Training will be delivered through the department’s local area offices in partnership with community entities including technical colleges and will help grow skilled talent pools from which local business communities can recruit and hire.

## Expenditures and Appropriations/Major Program Areas

SC Vocational Rehabilitation Department Major Program Areas													
Program Number and Title	Major Program Area Purpose	FY 11-12			FY 12-13			FY 13-14			FY 14-15		
		Appropriations			Actual Expenditures			Appropriations			Actual Expenditures		
		State:	Federal:	Other:	State:	Federal:	Other:	State:	Federal:	Other:	State:	Federal:	Other:
010000000 Administration	General operation and support of all agency programs.		619,323		658,321		1,214,810	State:	1,251,254		669,338		1,251,254
			5,999,861		5,336,447		4,669,861	Federal:	5,004,518		6,349,653		5,169,980
			-		336,315		130,000	Other:	135,402		147,459		115,000
			6,619,184		6,131,083		6,214,671	Total:	6,057,324		7,166,450		6,536,244
050100000 Basic Services	Delivery of services to people with disabilities by preparing and assisting them to achieve and maintain competitive employment.	State:	5,582,276		5,786,443		7,613,124	State:	8,841,519		9,739,104		8,841,519
		Federal:	4,102,272		29,691,037		39,959,013	Federal:	40,801,895		33,973,568		40,801,895
		Other:	1,717,083		1,822,416		2,717,083	Other:	6,717,083		2,124,595		8,982,118
		Total:	50,401,631		37,299,896		50,288,220	Total:	56,360,497		45,837,267		58,625,532
050250000 Special Projects	Grant programs, extended rehabilitation services, in-service training, Independent Living.	State:	66,557		47,708		66,557	State:	66,557		36,072		66,557
		Federal:	1,515,502		1,269,840		1,452,619	Federal:	1,452,619		799,886		1,452,619
		Other:	2,394,095		2,020,006		2,209,595	Other:	2,209,595		1,420,656		1,420,656
		Total:	3,976,154		2,537,554		3,728,771	Total:	3,728,771		2,256,614		1,519,176
050300000 Workshop Production	Program income from work training centers.	State:						State:					
		Federal:	17,000,000		16,961,735		21,000,000	Federal:	21,000,000		17,425,395		21,000,000
		Other:						Other:					
		Total:	17,000,000		16,961,735		21,000,000	Total:	21,000,000		17,425,395		21,000,000
250000000 Disability Determination Services	Adjudicate SSI/SSDI claims for the Social Security Administration.	State:						State:					
		Federal:	39,159,626		34,803,173		42,956,784	Federal:	42,956,784		32,484,066		42,956,784
		Other:	2,729,413		1,611,447		2,729,413	Other:	2,729,413		1,849,739		2,729,413
		Total:	41,889,039		36,414,620		45,686,197	Total:	45,686,197		34,333,805		45,686,197
950000000 Employer Contributions	Employer Contributions	State:	2,211,785		2,091,533		3,289,514	State:	3,552,182		3,370,876		3,656,129
		Federal:	15,544,709		12,624,923		14,897,633	Federal:	15,829,367		13,361,356		15,663,895
		Other:	1,392,945		1,071,235		1,668,951	Other:	1,668,951		1,224,480		1,628,511
		Total:	19,149,339		15,787,691		19,956,098	Total:	21,050,500		17,976,712		20,948,535
Total Recurring	ALL PROGRAMS	State:	8,479,941		8,584,005		12,184,005	State:	13,711,512		13,815,390		13,815,459
		Federal:	105,321,970		83,725,420		104,134,910	Federal:	106,045,183		86,988,529		106,045,183
		Other:	25,233,436		22,823,154		30,455,042	Other:	34,455,042		24,192,324		34,455,042
		Total:	139,035,347		115,132,579		146,773,957	Total:	154,211,737		124,996,243		154,315,684
990100000 Non-Recurring Projects	Non-Recurring Proviso Funds, Capital Projects	State:						State:					
		Federal:			6,489		1,000,000	Federal:	500,000		500,000		500,000
		Other:	2,500,000		2,604,010			Other:	3,000,000		811,734		2,000,000
		Total:	2,500,000		2,610,499			Total:	3,500,000		1,527,034		2,000,000

## **Federal Funds Overview** (for State Fiscal Year 2015)

*Title:*       **Rehabilitation Services—Vocational Rehabilitation Grants to States**

*Source:*     U.S. Department of Education, Rehabilitation Services Administration

*Amount:*    **\$ 49,074,941**

*Summary:*   This grant funds the core program of the agency, which prepares and assists eligible people with disabilities to achieve and maintain competitive employment. A 21.3% state match is required.

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*Title:*       **Social Security Disability Determination Services**

*Source:*     Social Security Administration

*Amount:*    **\$ 41,317,721**

*Summary:*   SCVRD's Disability Determination Services unit evaluates claims for disability benefits (SSI/SSDI) filed under the provisions of the Social Security Act. This program is fully funded by the Social Security Administration.

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*Title:*       **Independent Living State Grant**

*Source:*     U.S. Department of Education, Rehabilitation Services Administration

*Amount:*    **\$ 265,654**

*Summary:*   These funds support activities related to provision of Independent Living services to individuals with significant disabilities. Funds are passed through to the SC Independent Living Council, Disability Action Center, Walton Options for Independent Living, and Disability Resource Center, all 501(c) 3 organizations, based on a budget and resource plan outlined in the State Plan for Independent Living. At 10% state match is required to support this grant.

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*Title:*       **Rehabilitation Training—State V.R. Unit In-Service Training**

*Source:*     U.S. Department of Education, Rehabilitation Services Administration

*Amount:*    **\$ 135,383** for FFY2014 (\$ 759,345 over 5 years ending with FFY2014)

*Summary:*   This five-year grant funds training and staff development for the basic vocational rehabilitation services program. A 10% state match is required to support this grant, which equips staff to provide services leading to quality employment outcomes for people with disabilities. Recruitment and retention of qualified staff, and leadership development are other key areas of focus.

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*Title:* **Supported Employment Services for Individuals with Severe Disabilities**  
*Source:* U.S. Department of Education, Rehabilitation Services Administration  
*Amount:* **\$ 298,052** for FFY2014  
*Summary:* This grant funds specialized services for people with the most significant disabilities who need assistance in learning job skills and in making the transition to the workplace. Job coaches employed by SCVRD work, for a limited period, side-by-side with these clients in an on-the-job setting at agency expense, giving the employer an incentive to hire the client and giving the client the support needed to succeed.

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*Title:* **South Carolina Pathways Toward Employment**  
*Source:* Social Security Administration, Work Incentives Planning & Assistance Program  
*Amount:* **\$267,769** in FFY2014  
*Summary:* In cooperation with the Social Security Administration, this project helps educate South Carolinians with disabilities who choose to work in making the transition from receiving SSI/SSDI benefits to employment and self support. A 5% state cost sharing is required.

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## **Other Funds Overview** (for State Fiscal Year 2015)

*Title:* **I. Administration**  
*Sources:* County revenues, program income from training centers  
*Amount:* **\$ 115,000**  
*Summary:* These funds are used to help fund administrative functions in managing the vocational rehabilitation program and supporting activities such as training and staff development, human resources, financial management, budgeting, procurement and information systems.

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*Title:* **II.A Basic Services**  
*Sources:* Program income from training centers, residential center revenue, and Social Security Administration reimbursement for successfully employed SSI/SSDI recipients.  
*Amount:* **\$ 9,988,826**  
*Summary:* These funds support the basic client service delivery program, including counseling and guidance, vocational assessment, job readiness training, purchased services, and job placement services.



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*Title:*        **II.C Work Training Center Production**

*Sources:*    Business and industry partners

*Amount:*    **\$ 21,000,000**

*Summary:* SCVRD has outsource agreements with more than 450 businesses and industries statewide. People with disabilities in 24 work training centers receive job readiness training that includes performance of contract work for business and industry. They learn job skills and work habits that prepare them for employment. These funds from private/public partnerships are used to offset the costs of running the facilities.

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*Title:*        **III. Disability Determination Services**

*Sources:*    S.C. Department of Health and Human Services, S.C. Retirement Systems,  
Homestead Exemption Act

*Amount:*    **\$ 3,351,216**

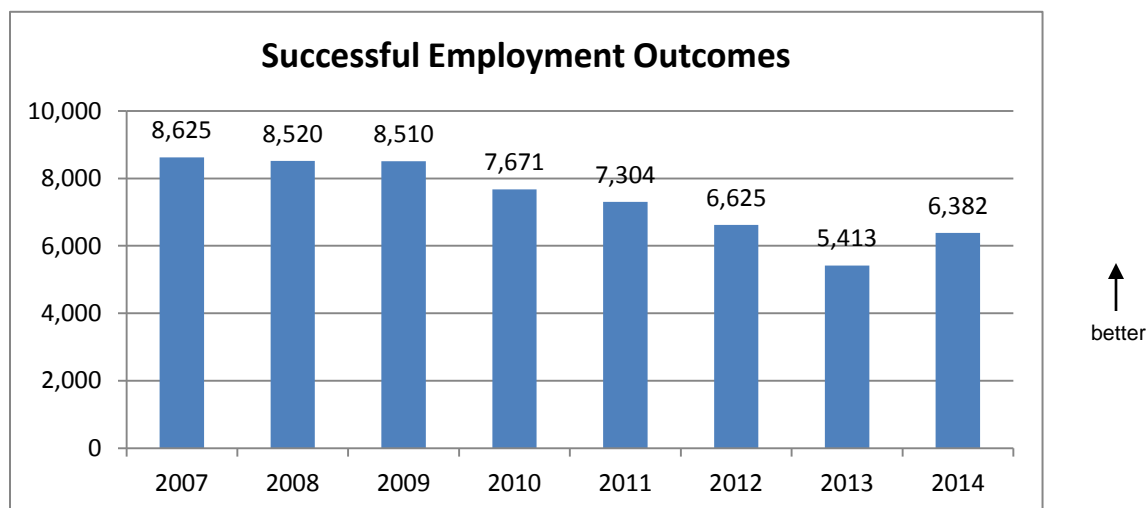
*Summary:* In addition to its core function of adjudicating disability claims for the Social Security Administration, the Disability Determination Services (DDS) also processes Medicaid disability claims for HHS, retirement disability claims for the state retirement systems, and disability claims filed under the Homestead Exemption Act. The earmarked funds from those three entities account for only 6 percent of DDS funding, the remainder of which is federal funding from the Social Security Administration.

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## Key Results

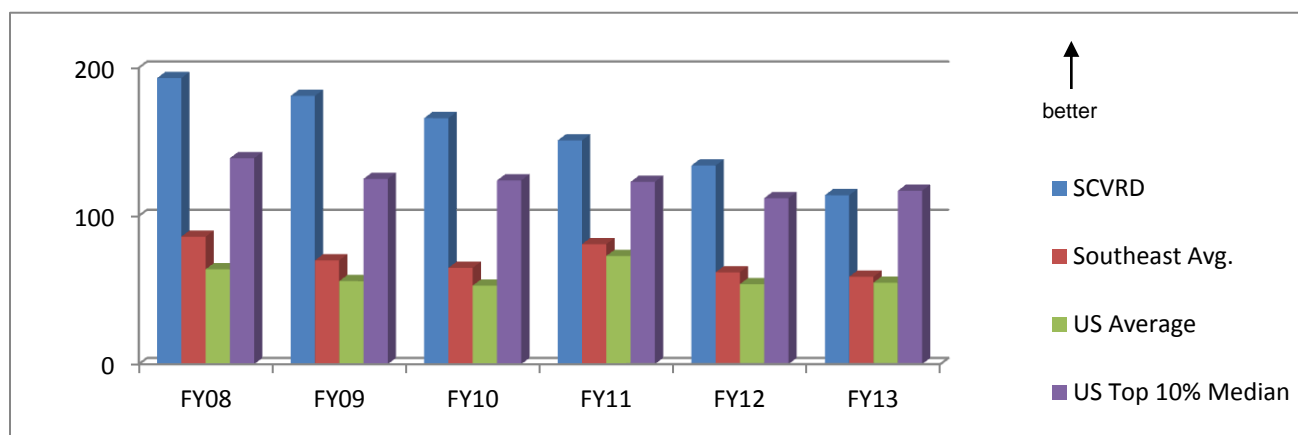
### SUCCESSFUL EMPLOYMENT OUTCOMES

A key performance effectiveness result is the number of people with disabilities that have successful employment outcomes after receiving SCVRD services. In FY2014 the number of successful rehabilitations increased as the agency filled staff positions that had been vacant during times of budget constraints and unemployment rates began to improve.



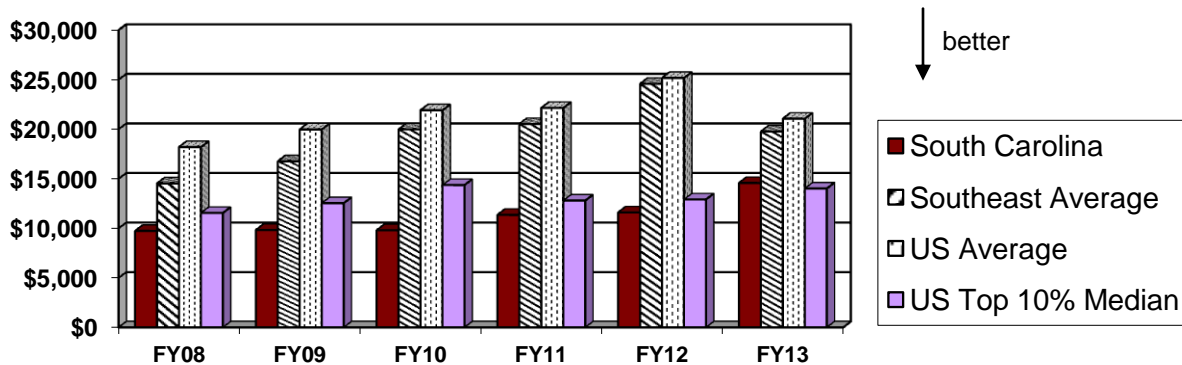
### REHABILITATIONS PER 100,000 POPULATION

For many years SCVRD has consistently ranked at or near the top among the nation's public vocational rehabilitation programs in the number of people rehabilitated per 100,000 population. The latest national figures from federal FY2013 show SCVRD at **114** people rehabilitated per 100,000, **sixth highest in the nation** (Vermont led with 291). SCVRD was second in the Southeast region. The Southeast average was **59**, the national average was **55**. SCVRD projects higher totals for FFY2014 when that comparative data is released.



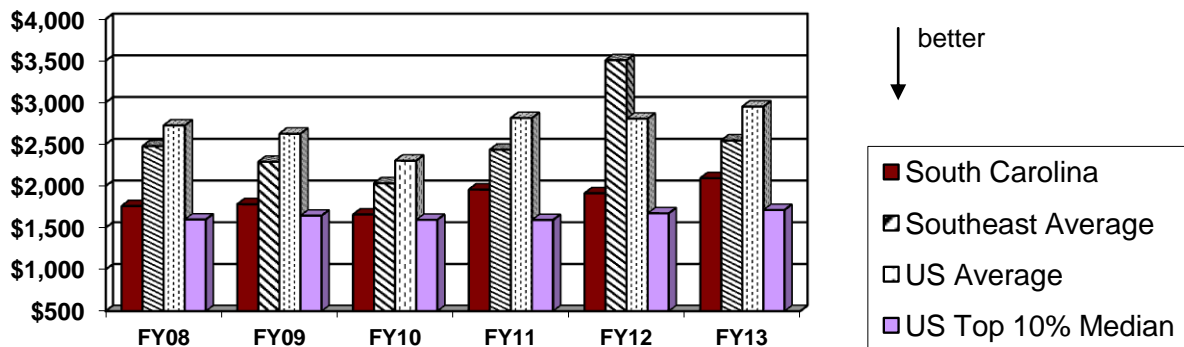
## AVERAGE COST PER CLIENT REHABILITATED

The department's efficiency and effectiveness is reflected in its national prominence among VR agencies in cost per rehabilitation based on agencies' total expenditures. For each successfully employed client in federal FY2013, the department's average cost was **\$14,465, the seventh lowest in the entire nation and lowest in the Southeast**. Idaho was the lowest at \$9,317. Mississippi had the second lowest cost in the Southeast region at \$14,935.



## AVERAGE COST PER CLIENT SERVED

SCVRD has consistently ranked among the nation's best programs in the average cost per client served based on the agencies' total expenditures. In federal FY2013, the department had the **13<sup>th</sup> lowest** cost per client served (**\$2,093**) among state VR programs in the U.S. SCVRD also had the third-lowest average cost among the eight Southeastern regional states (Kentucky led at \$1,547).



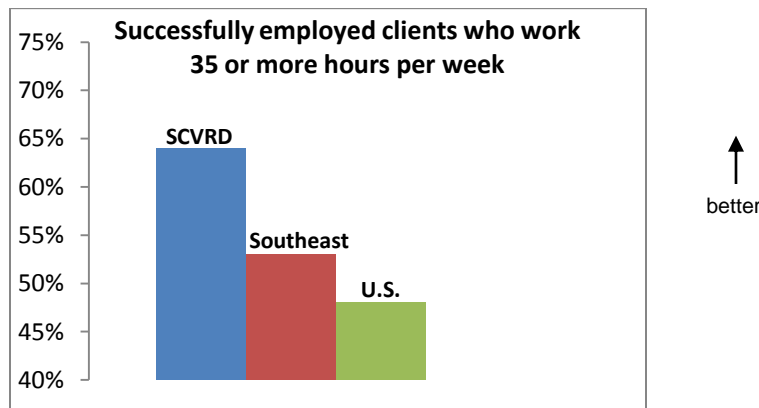
## RETURN ON INVESTMENT

People with disabilities who exit the program with a successful employment outcome enhance the quality of their lives and their families' lives by earning paychecks, lessening their reliance on government assistance, and stimulating the state's economy by paying taxes, making purchases, and meeting the business community's workplace needs. Based on a cost benefit analysis:

- Rehabilitated clients will pay back **\$4.83** for every dollar spent on their services.
- They will repay the cost of their rehabilitation services through taxes in **4.4 years**.

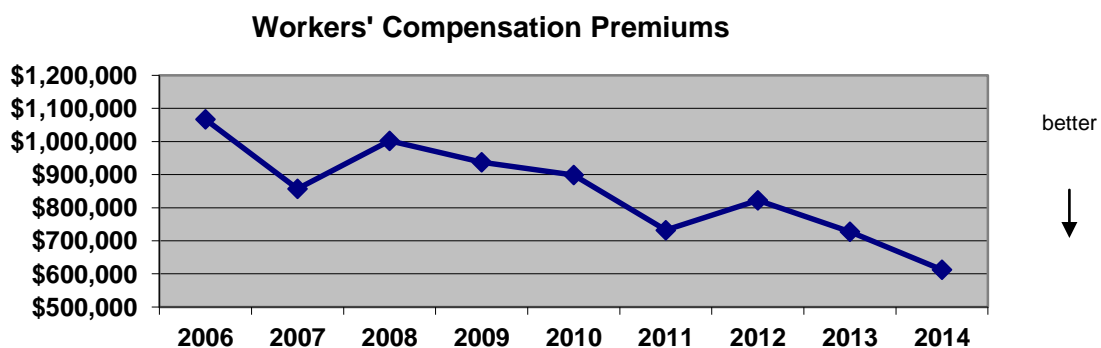
## FULL-TIME EMPLOYMENT OF CLIENTS

While the extent of work schedules vary for people with disabilities based on their own circumstances, working longer hours enhances the independence and employment success for many, and increases the state's return on investment. A higher percentage of rehabilitated SCVRD clients work 35 or more hours per week than clients in most other states. SCVRD's rate of 64% for FFY2013 far exceeded regional and national averages for VR agencies.



## SAFETY/WORKERS' COMPENSATION PREMIUMS

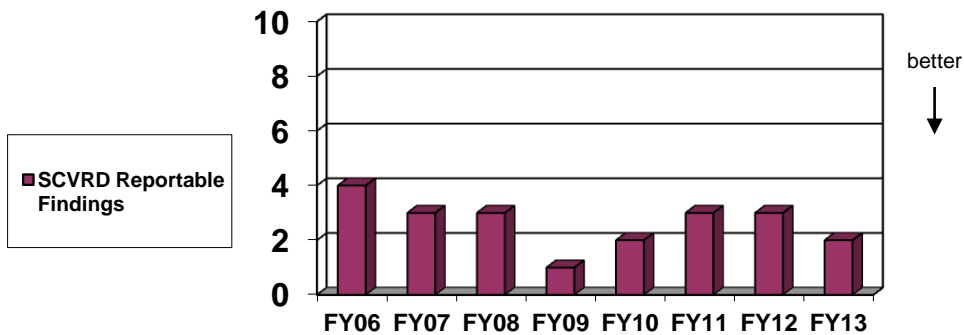
The department's continued emphasis on safety enhancements and training for staff and for clients in its work training centers has resulted in a consistent decline in injuries. This has been reflected in significant cost savings in annual workers' compensation premiums, which in 2014 was reduced by \$114,857.



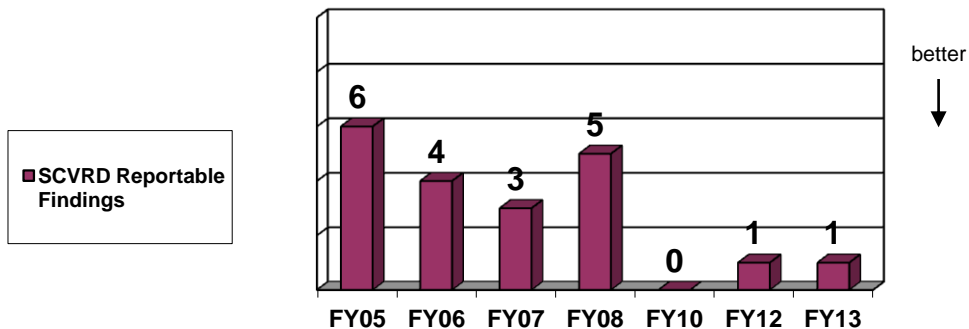
## FISCAL ACCOUNTABILITY

The department must adhere to budgeting and procurement codes, building codes, and various other state and federal regulations that any government agency would be subject to. Fiscal accountability is established through internal and external audits. Financial audits are conducted annually by the State Auditor's office and any findings are addressed through corrective actions. The most recent procurement audit and benefits audit were both very favorable. In the most recent single audit SCVRD showed only two reportable findings. The most recent State Agreed-Upon Procedure Audit (FY2013) contained one finding.

**State of South Carolina Single Audit Results**



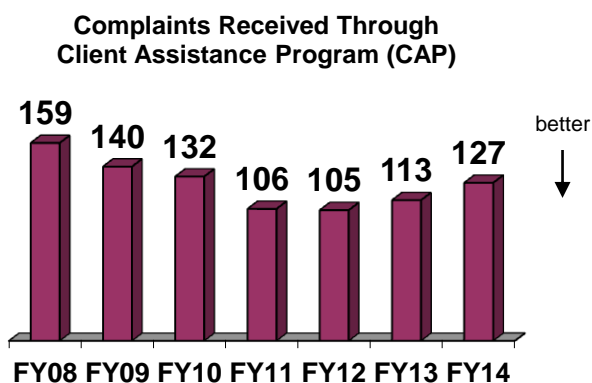
**State of South Carolina Agreed Upon Procedures Audit**



## CLIENT COMPLAINTS

In its “Annual Report on Appeals Process” to the RSA, U.S. Department of Education, the department reported no new requests for mediation with SCVRD clients during the year and only one complaint was not resolved through the informal administrative review process. The client relations specialist, staff attorney, human resources department, commissioner’s office and the Client Assistance Program (CAP) in the Governor’s office work closely together to ensure ethical and fair treatment of agency clients before extreme measures would become necessary.

Despite the large number of clients served (about 37,000) the number of complaints registered through CAP remains relatively small—totaling 127 during FY2014.



# South Carolina Vocational Rehabilitation Department

*Preparing and assisting eligible South Carolinians with disabilities  
to achieve and maintain competitive employment.*

## Funding Request for SFY 2015-2016:

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### **Recurring Funding:**

#### **School-to-Work Transition Services**

**\$ 510,127**

- For pre-employment services to assist students with disabilities (ages 14-21) to make the transition from secondary school to postsecondary education or training programs and into competitive integrated employment. While the agency has made many gains in providing these services, thousands of additional students remain in need of services.
- There will also be higher levels of expectations and performance in transition services as a result of the new Workforce Innovation and Opportunity Act (WIOA), the federal act regulating state vocational rehabilitation agencies.
- The state funds would be matched with federal funds of \$1,865,403. This appropriation would fund seven transition counselors, seven transition job coaches, four support staff and a program manager. This would require 19 added FTEs (4.56 state, 14.44 federal).
- The appropriation would also be used for case services expenditures to serve the additional clients involved in postsecondary training, skilled work apprenticeships, and on-the-job training opportunities.

#### **Job-Driven Vocational Training**

**\$ 289,943**

- For specialized training for clients at the agency's comprehensive rehabilitation facility in Lyman (Bryant Center). The training will be geared to the needs of employers and eligible clients in the community through work training center activities, advanced skills training and on-the-job supports.
- The training will enhance employment opportunities for people with disabilities in the area and will be tailored to meet specific needs of local business and industry partners.
- The state funds would be matched with \$945,655 in federal funds. This appropriation would support nine staff positions at the center (2.16 state FTEs and 6.84 federal FTEs) and operating costs of an expanded facility as well as additional case services expenditures for clients.

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**Total Recurring Request**

**\$ 800,070**

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**Non-Recurring Funding:****Greenwood VR Center Roofing** **\$ 108,000**

Replace the roof of the 26,700 square-ft. building, which is approximately 31 years old. Total project cost of \$505,550, with the balance coming from federal grant source.

**Sumter VR Center Roofing** **\$ 97,000**

Replace the roof of the 23,400 square-ft. building, which is approximately 29 years old. Total project cost of \$450,000, with the balance coming from federal grant source.

**Beaufort VR Center Roofing** **\$ 103,000**

Replace the roof of the 25,200 square-ft. building, which is approximately 27 years old. Total project cost of \$480,000, with the balance coming from federal grant source.

**Oconee-Pickens VR Center Expansion and Roofing** **\$ 900,000**

Design and construct an 8,100 square-ft. addition to the existing work training center with production area space, clean work room, offices and storage. This will provide needed increased capacity to serve the growing client population in this area as well as business and industry partnerships. Replace the existing 20,000 square feet of roof deck, which is 25 years old. Total project cost is projected at \$1,800,000, with the balance coming from federal grant source.

**Anderson VR Center Parking Lot** **\$ 96,000**

The existing paved areas have deteriorated and in need of repair and resurfacing for this 27-year old facility. Exterior lighting would also be added for increased safety and security. Total project cost projected to be \$450,000 with the balance coming from federal grant source.

**Anderson VR Center Roofing** **\$ 112,000**

For replacing the roof of the 34,000 square-ft. building, which is approximately 27 years old. Total project cost of \$450,000, with the balance coming from federal grant source.

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**Total Non-Recurring Request** **\$ 1,416,000**



## Provisos

- ***The agency requests no new provisos or changes to existing provisos.*** Base provisos from the 2014-2015 Appropriations Act are shown below for reference:

### **SECTION 32 - H73-DEPARTMENT OF VOCATIONAL REHABILITATION**

**32.1.** (VR: Production Contracts Revenue) All revenues derived from production contracts earned by people with disabilities receiving job readiness training at the agency's Work Training Centers may be retained by the State Agency of Vocational Rehabilitation and used in the facilities for Client Wages and any other production costs; and further, any excess funds derived from these production contracts may be used for other operating expenses and/or permanent improvements of these facilities.

**32.2.** (VR: Reallotment Funds) To maximize utilization of federal funding and prevent the loss of such funding to other states in the Basic Service Program, the State Agency of Vocational Rehabilitation be allowed to budget reallotment and other funds received in excess of original projections in following State fiscal years.

**32.3.** (VR: User/Service Fees) Any revenues generated from user fees or service fees charged to the general public or other parties ineligible for the department's services may be retained to offset costs associated with the related activities so as to not affect the level of service for regular agency clients.

**32.4.** (VR: Meal Ticket Revenue) All revenues generated from sale of meal tickets may be retained by the agency and expended for supplies to operate the agency's food service programs or cafeteria.

**32.5.** (VR: Basic Services Program - Educational Scholarships) For those persons with disabilities who are eligible for and are receiving services under an approved plan of the South Carolina Vocational Rehabilitation Department (consistent with the 1973 Rehabilitation Act, as amended) tuition costs at state supported institutions (four year, technical, or trade schools) will not increase beyond the 1998 tuition rate, will be provided, or will be waived by the respective institution after the utilization of any other federal or state student aid for which the student is eligible. Persons eligible for this tuition reduction or sponsorship must meet all academic requirements of the particular institution and be eligible for State need-based scholarships as defined in Chapter 142, Title 59, Code of Laws of South Carolina, 1976.