

**State Rehabilitation Council (SRC)
November 26, 2014
9:00 a.m. to 12:00 p.m.**

MINUTES

**Utah State Board of Education
Main Conference Room**

Conference calls: 1-877-820-7831 269450#

Next Meeting: Wednesday, January 28, 2015

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|------------|--------------------------------|--------------------|--------------------|
| PRESENT: | Kelly Boehmer | Sharon Brand | Ronald Campbell |
| | Jan Quinn Carter | Ken Gourdin | James Harvey |
| | Susan Loving | Karim Mardanlou | Evelyn Owen |
| | Amy Powell | Lester Ruesch | Sandy Terry |
| | Amberley Snyder | James Sterzer | Rylee Williams |
| PHONE: | W. Kent McGregor | Merina Pope | Paula Seanez |
| | Tammy Wood | | |
| EXCUSED: | Robyn Chidester | Melissa Freigang | Ginny Henderscheid |
| | Deja Powell | | |
| USOR Staff | Russ Thelin | Kyle Walker | Aaron Thompson |
| | Eric Roux | John Woeste | Iris Sanchez |
| | Debbie Davis | Jennifer Roth | |
| GUESTS: | USOE Superintendent Brad Smith | Kris Fawson, USILC | Interpreters |
| | Ralph Glathar | | |

WELCOME/MISSION STATEMENT

Sharon Brand, Chair, welcomed Council members and called the meeting to order at 9:05 a.m. Sharon confirmed attendance via teleconference call in. The mission statement was read by SRC Secretary, Ken Gourdin.

APPROVAL OF MINUTES

Sharon requested any amendments or corrections to the October 2014 minutes. None were given.

MOTION: Kent McGregor made the motion to approve the minutes. Jan Carter seconded the motion. All were in favor. None opposed.

ANNUAL REPORT

JOHN WOESTE

John Woeste sent by email (prior to this meeting) the 2014 Annual Report to review and to make any corrections. Kent McGregor noted on Page 8 under the section “**SRC-UTAH STATEWIDE INDEPENDENT LIVING COUNCIL (USILC) MEETING:** The Council and the USILC held a joint meeting in May of 2014.” Following this sentence the words “shared their” was repeated twice. No other corrections were given.

MOTION: Susan Loving make the motion to approve the 2014 Annual Report with amendments. Kent McGregor seconded the motion. All were in favor. None opposed.

EXECUTIVE UPDATE

RUSS THELIN

Russ introduced the new Utah State Office of Education Superintendent, Brad Smith. SRC members and USOR staff members introduced themselves to the Superintendent.

Superintendent Smith gave a brief background on his work experience and education. The Superintendent made reference that he was briefed by Russ on what USOR does and stated he will be sharing his viewpoints on what was briefed but first spoke on his ideals of life and expectations. Superintendent Smith then spoke on the challenges USOR was dealing with and stated he is in full support of the plans and goals that he had been briefed on. Superintendent Smith referred to the governance issues with a message that he views USOR bringing not only national excellence but stability and predictability to the clients that USOR serves. Superintendent Smith stated that he saw no supporting elements regarding the governance issue and would support and work with Russ to resolve any concerns. He thanked the SRC Council for their time and looked forward to working with USOR.

Russ reported on the e-mail that was sent to Council members on the budgets of DRS and DSBVI regarding the agencies resource situation. Russ addressed the two major factors:

- Balance ratio of administration to client services and
- How this affects overall resources for agency operations

Russ explained first the process on re-allocation funds that USOR receives. Each year, some states cannot meet the required match. In recent years, those funds that are not used were open to states that had matching. Utah has been able to match these re-allocations and for several years has been drawing from the funds with the addition of the AARA funds; this helped to fill in any gaps.

Russ continued by stating the ratio of administrative to client services expenditures in the VR program should be relatively close to 50%-50%. This is an RSA guideline. However, in recent years this has only been possible through the re-allocation of federal funds that come at the

end of each fiscal year. Without this re-allocation to put to year-end client services, USOR would be closer to 65% admin with 35% client services. Without that re-allocation USOR would be well off any proximity to that even split. This matter is made more complex as USOR has also dealt with an increased number of referrals and clients in recent years. Russ explained a pattern was set drawing on the re-allocations and that USOR had been running out of resources each year. The last two years USOR relied on the state re-allocation funds to get through the year making it very clear that our balance of 50%-50% is unattainable, without counting on re-allotment. The Executive Team, along with USOR's internal auditor, budget and compliance specialist, and Jeff Young, Internal Accounting, has been working to make some major changes to agency organization and operations looking at how to get out of this pattern.

Russ stated (as reported in past SRC meetings) in order to fix the structural imbalance USOR asked the Legislature for \$1.6 million to be able to draw another \$6.5 million. This plan was followed but USOR ran of state money prior to the end of state year and over spent the state budget before June of this year, which was approximately \$3.7 million. Russ reported that USOR is required by statute law to report to State Finance of any over spent budgets. Russ reported he recently met with the Board of Examiners which included Governor Herbert, the State Attorney General and State Auditor, informing them of the over spent budget and explaining that there was no impact to the agency or client services. Russ was please to inform the Council that the information was taken well due to the fact USOR was not requesting any funds but only meeting to report the over spent budget and that he informed the Board of Examiners this would not happen again.

Russ continued and reported with only about 35% of our budget available for client services and the 65% of our resources locked into rents, benefits, salaries, etc., USOR is on a trajectory of quite likely running out of resources for agency operations before this state fiscal year end and prior to when new resources would be added. That means many things, including furloughs of essentially all staff, and an abrupt implementation of an Order of Selection (OOS).

With this said, Russ stated it was necessary to take bold steps to take control of the budget, making unpleasant and hard-decisions. Russ referred to the list of the 12 cost cutting measures that were given to Council members (in a past meeting), that alone was a savings of three to five hundred thousand dollars. Russ reported even after these savings USOR still needed to reduce more. Russ explained they reduced FTE's by (approximately) 22 to 23 positions. This included the elimination of the Career Exploration Services (vocational evaluation) as well as other positions. Russ stated that most of these staff members were reassigned to other positions necessary to continue client services. Russ did report with exception of vocational evaluation services, the rehabilitation services of the client needs will not be affected.

So, to both bring our ratio into alignment and to shift operational costs as needed to keep the agency in ongoing operations for clients, the following were implemented:

- A hiring freeze on all positions in DRS, DSBVI and Administrative Services
- Realignment of approximately 20 staff with a net FTE reduction of the same
- Elimination of positions in the agency associated with this realignment
- A training and travel-for-training freeze unless approved by Division Directors
- Activity to establish an approved plan from RSA for likely implementation of OOS

Russ stated USOR is making dramatic changes so that it does not have to rely on re-allocation funds. If an OOS was needed the Council's input would be requested to submit to RSA a plan to implement an OOS and strategic furloughs, as an option.

OPEN DISCUSSION

Q: Which position was adjusted for the Division of Services for the Blind and Visually Impaired?

A: A position that was eliminated was a vacant position, a driver position, nutrition and one staff reduction with adjustments being made for those services.

Q: Would vocational evaluation services positions return in the future?

A; Russ explained with the present standing issues USOR needs to operate at the FTE numbers for a few years but explained USOR is looking at what other options there are for vocational evaluation services. It was mentioned there was a possibility of exploring and establishing this on a fee-for-service basis. If there is any funding, priority would be set that USOR students and clients have counselor first, which is the core of any decision-making. Russ noted the SRC's role would be to give advice and recommendations. This might include the return of vocational evaluation.

Q: When did USOR get into a budgetary situation?

A; Russ explained when he was hired last year, USOR hired an internal auditor. It was noticed then it had been an implementation issue for more than 6 years. With this knowledge the agency had a better understanding of what was needed to go forward to provide projections so that USOR would no longer have any of these issues in the future.

Q: Regarding the elimination of the Career Exploration Services (CES) unit (vocational evaluation) is there any data on how clients are impacted, and how many clients receive services?

A: John Woeste reported a total (approximately) 30,600 were referred to VR last year with 1,600 serviced by CES. As far as the impact, John stated the decision-making on the elimination was by looking at the analysis given and noted it needed to be done in a timely matter. John stated that clients who need this service when it's not available will be at risk. The concerns include planning and vocational goal mistakes and related losses in time and money.

Q: Were there any other options regarding the elimination when the initial issues came up?

A: Kyle stated that other agency sections were taken into consideration but the agency took the options that would have the least impact to VR clients. John Woeste reported on the decision as Specialized Services Director that all possibilities were taken into consideration.

Q: Any further reductions in the future?

A: Kyle stated this is not final, USOR is moving forward with the expectation that the changes will have an effect but there might be other hard decisions to be made. There is still the possibility of staff furloughs, making decisions if certain vacant positions are essential and diligently working with the budget.

Council members expressed their gratitude in the accountability that was shown at this meeting.

MOTION: Kent McGregor moved that the State Rehabilitation Council of Utah express support of the decisions that were made by USOR Executive Director and recommended a monthly report from the Executive Director to update Council members of what has been implemented regarding the changes. Susan Loving modified the motion as not to recommend but to schedule an update as part of the Executive Update on a monthly basis. Lester Ruesch seconded the motion. All were in favor. None opposed.

CSAVR UPDATE

SHARON BRAND/RUSS THELIN

Sharon reported on the conference and the experience of coming away with so much more knowledge and information. She reported that Utah was a leader among other states with Utah's SRC being ahead of what is happening nationally. Russ continued by reporting the meetings reviewed and discussed the new WIOA law with break-out sessions on the new unified state plan and the new requirements on VR transition youths with disabilities.

PRE-EMPLOYMENT TRAINING SERVICES

AARON THOMPSON

Aaron distributed a handout regarding WIOA reauthorization and modification to the Workforce Investment Act of 1998. Aaron summarized the client services, including changes on pre-employment transition services, changes to IPE development and meeting the needs of the services to youth with disabilities. The key systems changes are:

- Increase services to Youth with disabilities. Under WIOA law, 50% of our supported employment funds must be used to support youth (ages 14 through 24) with the Most Significant Disabilities
- Supports employer engagement
- Emphasized competitive integrated employment

- Enhances accountability
- Performance measure
- Mandates coordination and collaboration between agencies
- Transfers program

AGENCY REPRESENTATIVE UPDATES

USILC Chair, Lester Ruesch reported that in January the IL centers will have workshops on the requirements of WIOA. Kris Fawson, Director USILC, announced that on January 15, 2015 starting at 10:0 a.m. at the State Office Auditorium a pre-legislative training session is set. If anyone would like to join please RSVP.

Evelyn Owen, CAP, distributed a letter written by the staff attorney from the Disability Law Center stating full support on all decisions that were being made by USOR. She would appreciate updates when they occur.

Susan Loving, USOE Transition, reported that USOR Rachel Anderson, Transition Specialist will be attending the Employment First National Conference in Washington next Tuesday. A report on this meeting would be appropriate, possibly in January.

No other discussions or comments were made. Sharon announced the next meeting as January 28, 2015.

Meeting adjourned at 11:58 a.m.

Minutes were submitted by Ginny Henderscheid, SRC Executive Secretary.