

State Rehabilitation Council (SRC)

March 25, 2015

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, April 29, 2015

| | | | |
|------------|--------------------|------------------|-------------------|
| PRESENT: | Kelly Boehmer | Sharon Brand | Ron Campbell |
| | Jan Quinn Carter | Melissa Freigang | Ken Gourdin |
| | James Harvey | Susan Loving | Karim Mardanolou |
| | Evelyn Owen | Amy Powell | Sandy Terry |
| | James Sterzer | Rylee Williams | |
| PHONE: | W. Kent McGregor | Merina Pope | Melissa Schindler |
| | Paula Seanez | | |
| EXCUSED: | Lester Ruesch | Tammy Wood | |
| USOR Staff | Scott Jones | Aaron Thompson | John Woeste |
| | Gordon Swensen | Noreen Roeca | Jennifer Roth |
| | Stacey Cummings | Eric Roux | Debbie Davis |
| | Ginny Henderscheid | | |
| GUESTS: | Kris Fawson | Ralph Glather | Steve Jardine |
| | Interpreters | | |

WELCOME/MISSION STATEMENT

Sharon Brand, Chair, welcomed Council members and called the meeting to order at 9:00 a.m. Sharon confirmed attendance via teleconference call in. The mission statement was read by DRS Director Aaron Thompson.

APPROVAL OF MINUTES

Sharon requested any amendments or corrections to the February 2015 minutes as presented to the Council. Motion was made by Susan Loving to approve the minutes as presented. No other corrections were given. James Harvey seconded the motion. All were in favor. None opposed.

Scott Jones, Interim Executive Director, reported on his background experience which includes extensive military and financial experience. His most recent position is Finance Director for the Utah School for the Deaf and Blind. He is now into his 3rd week as Interim Executive Director for USOR and has a good awareness about how USOR got to this point. He has plans in motion along with the Executive Team for the rest of FY 2015 and beyond into FY16 and FY17. He recognizes the need to make sure our counselors have the resources they need to deliver quality service to clients as outlined in the Mission Statement. He stressed it will take time. He stated we need to institute some new controls so in the future we don't have the kind of volatility we're experiencing right now. Changes needed to be made and they have been made.

Governor Herbert signed House Bill 3, the supplemental \$6.3 million to continue client services. This money is specifically designated for this purpose. There is still a lot of work to be done so that we don't exceed our budget in other areas. We're monitoring District spending so we stay within the boundaries of that appropriation.

A question was asked how will the \$6.3 million impact next year's budget and the year after. Will the \$6.3 million go into the next year? Scott replied this money is only for FY15, and we have to live within specific conditions for success in FY16 set by our mandated appropriations. Jennifer Roth is working on setting conditions for FY16. We must operate within the means that have been established by the appropriations committees and house bills. We will establish boundaries and accountability. It is Scott's intent to insure that all units of USOR are very clear about what monies have been appropriated and how they should be used.

Kris Fawson, USILC, commented that she is concerned we don't lose sight of the needs of what we're doing for the consumer, and Scott agreed that was his understanding too. We want full transparency in regards to our ongoing budgets. We want to make sure the ways we deliver services are efficient and that we can operate within the boundaries now being set. He reports the money we received is sufficient to deliver quality service but we must make sure it is spent properly and there is no waste. Scott believes we have great counselors who will help us do this if they know what their boundaries and resources are.

Aaron reported that we will get all resources together and inform counselors of tools and resources to make informed decisions within the regulations. They will also need to keep in mind comparable benefits and other available resources.

Kris Fawson also voiced concern that we will lose sight of what counselors can do to help people. Scott replied it is a balance of serving clients and keeping under budget.

Susan Loving asked what the role of the SRC would be under the new guidelines. Scott replied there should be a more detailed report to the committee on a month-to-month basis. He will establish a Finance Director position that will provide a status report monthly. It is critical for SRC to have advice from a Finance Director on how funds are spent. The reports would give SRC information that they can communicate to constituents and assure them that we are delivering services appropriately. Scott would like to increase oversight of funds by the SRC. He would like the SRC to reassure constituents we are financially headed in the right direction.

A question was asked what got us to this point. Scott reported we were operating off of one time funding in previous years, but in the next fiscal year we didn't get that funding back, so we pulled from other funding. We continued to provide services without operating within the appropriations that were given to us. We also did not clearly know what amount was carried forward from the previous year. This is what we're bringing under control. Scott reported his job is funds control and funds management. He is clear about which appropriations will continue and which will not. Full visibility and transparency are essential.

Melissa Freigang asked if the \$6.3 million dollars will help us serve the current number of open clients. She commented there is a 1-to-200 counselor-client ratio and asked how would we still provide services, when we're setting controls on the budget?

Scott reported we're on an Order of Selection (OOS) which is a key component that has been put in place, that allows us to identify what we're spending, and identify what services are legally required. Starting with OOS, we hope to regain credibility with the legislature and governor, so if we can't meet our legal obligations to provide services they would be more likely to provide more funding. The people who calculated the \$6.3 million in appropriations identified how we sustain services for customers and identified how we will continue to provide legally mandated services. We want to start off FY16 right, and adequately meet those needs. We don't want to have to rely on the Legislature; there are other reallocation of funds that could be made. We must control funds on a month-to-month basis and have input and full transparency to our stakeholders while providing services to clients. Aaron added that having a system in place to know where available funding is going will allow us to know when we can open up categories of OOS and how many clients we can allow into the system. It will assure us that we're meeting needs of those already in plan, and inform us of when we can open the first category.

Scott also reported that we didn't do a good job of insuring budget formulation in the future years. We are still pinched for FY16 and we're starting to get input for FY17. We need to start advising and making our intentions known for the next 5 years down the road. Scott stressed USOR will need SRC help in planning for the future on a day to day basis. That is what the Legislature requests and they'll support us if they can see we are tracking funding, using it correctly and applying principles of good budget management.

Susan Loving asked if the 3 divisions that are currently reporting to different leadership, will be coming back under one leadership. Scott replied that it's too early to say.

Scott also reported that the Legislative Auditors have started their process of looking into the fiscal issues of USOR.

A question was asked if USOR belongs to USOE. Scott replied we are advocating that we remain within USOE spectrum, but we must clearly define USOE roles as there has been some disconnect. No matter what direction is taken, when we have clearly defined roles that our Finance Director suggests, we need to make sure both USOE and USOR are clear about how we manage funds. It has not been decided whether USOR is going to stay under USOE or move to another agency. Scott reported most other states are aligned similar to how we are under Education.

A question was asked who was the controller in USOE, who it is now, and is it going to change. Scott replied the controller was a USOE employee that should have been aware of our financial situation. There should be accountability with USOE. In the future our new Financial Director will assist the controller. Scott stressed that the accountability aspect at present is only within the USOR spectrum. Superintendent Smith and the Board are reviewing Scott's recommendations but it is ultimately Superintendent Smith's decision to hold individuals in USOE accountable.

Ron Campbell asked about ongoing vs. one-time funding for FY15, and was not clear if the \$6.3 million was one time funding or if there is other funding available in this fiscal year. Scott reported it is only a one time supplement to get us through the remainder of FY15 and is not ongoing. There are other avenues to pursue that will need Board approval before the FY16 budget can be approved. We will get back on a financial timeline. Once we do this we will brief SRC monthly. Scott said he appreciates questions and said that he won't hold anything back, be it bad or good news. He expects more changes to occur within USOR but he will report it to the council as we need the advice of SRC.

Ron commented that Scott is instilling a lot of confidence in the SRC as to where we are headed. The changes that have occurred have hit the SRC hard and they are very concerned how serious the situation is. Scott assured the committee that the SRC advice is essential to going forward.

Steve Jardine reported there is a lot of information in the February 4th Social Services Appropriations Subcommittee hearing where the structural imbalance discussion took place. The Subcommittee was a small part of the legislative process and historically these things have been in the background for the legislature. Steve wanted to publically thank Russ Thelin and Kyle Walker for their years of dedication and was aware that they tried very hard to reconcile the situation. In the Subcommittee brief there is a section where the State Board and the Superintendent accept partial responsibility. The Social Services Appropriations Subcommittee meeting has a document on the structural imbalance describing the history of the agency, the input of the agency, and the State Office of Rehabilitation structural imbalance. USOR was able to hire 2 people from the state auditor's office and they have prepared a forecast for the future. Their documents show that the total expenditure by USOR goes down in this forecast. This means less clients will be served. It was mentioned that when the recession hit many other states went on OOS.

Karim commented that if it wasn't for the state vehicle paid for by USOR he wouldn't be gainfully employed. He was able to get transportation and medical services from USOR and became employable again.

Scott reported that he recognized Russ and Kyle's expertise and that they are still with USOR on a temporary basis as we need their input for the Legislative audit. We serve over 15,000 clients and the \$6.3 million is to continue services to those existing customers. To go forward Scott has to establish what the operating budget is for FY16. He will get feedback from the Executive Team and Finance Director, to ensure that we are sustaining levels of service for existing clients. Scott believes he has the credibility, with the help of Steve Jardine, to go forward and create the synergy with the Legislature and Board of Education. We want to first sustain existing clients within budget, and then work on OOS. We need to analyze in detail where we

might fall short and see if there are other avenues to get additional funding. We do intend to make sure that individuals continue to be served across the board.

Kent McGregor asked how and when OOS was implemented, and secondly, do DSBVI and DSDHH report to USOR directly?

Aaron replied that we received approval from RSA to implement OOS on March 2nd, and all clients who did not have an IPE were moved to a waiting list. Our counselors are actively monitoring what is going on with perspective clients and are keeping in touch with them. We can't provide a specific date when they will move off the wait list. We are working on a smoother path for referrals with Workforce Services.

John Woeste commented that those in the Subcommittee meeting reported there was a lot of blame to go around as to how we got in this situation. Representative Mel Brown addressed that committee and spoke of how the Subcommittee itself didn't give proper oversight. Nor did the USOE Board. John was concerned about how the USOE Fiscal department supplies our financial services and wondered what actions were in place to address that issue.

Scott reported that he had addressed those concerns by establishing a Finance Director. There will still be a lot of dependency on USOE because we have Internal Accounting in conjunction with them. USOR's Finance Director will report directly to the Executive Director and will interface with Bruce Williams from USOE and the controller in internal accounting, Gary Belliston. Scott also intends on hiring 2 Financial Analysts that will help with day-to-day transactions at USOR. At this point we cannot separate from USOE Internal Accounting.

Kent again questioned whether the counselors that are employed with DSBVI and DSDHH report to USOR or to State School for the Deaf and Blind. Scott replied that Joel Coleman was brought on as Interim Director over those 2 agencies, and his feedback is important, but the Vocational Rehabilitation counselors will be part of the overall Vocational Rehabilitation operation. The \$6.3 million appropriation will sustain their services as well. Aaron added that the counselors for the deaf and blind fall under DRS.

Kris Fawson questioned whose decision will it be if they decide to split off DSBVI and DSDHH, The Board of Education or the Legislature? Scott answered it is both of the above along with various stakeholders and experts. The Legislative audit currently going on will also be making some sound recommendations as to which direction we'll be going. If it does come to a realignment about whether or not USOR stays with USOE, it will take a year to make changes.

Steve Jardine reported that the Legislative Subcommittee is requiring that USOR, USOE and the State Board come back and report back to them as to what they see are the main problems; there are many things that are being investigated. He wanted to stress the importance of the Legislative audit and the recommendations they will be making. The question was also voiced what will be the process for interviews for the Executive Director. Will the SRC have any input? Scott replied there will be a lot of input from stakeholders involved. The announcement has gone out nationally, and closes on April 12th but ultimately it will be a Board of Education decision.

Sharon thanked Scott for the clarification and added that there are a lot of volunteers on SRC, who have spent many hours here over the past few years and she thanked all board members

for their dedication, loyalty, and support of the mission to analyze service delivery, review programs and advise and they will continue to do so.

Kent said it would be interesting to read Steve Jardine's Subcommittee report on the structural imbalance and requested it in braille. This is in process.

This ended the Executive Updates.

PRESENTER'S REPORT

GORDON SWENSEN/NOREEN ROECA

Gordon Swensen spoke on Partnership Plus as a great opportunity for our agency in terms of cost reimbursement through Social Security. Partnership Plus will take the Ticket to Work (TTW) program to a higher level. Noreen Roeca reported it is part of the TTW program which has a number of work incentives. The state VR agency program and the TTW focus is to achieve the highest level of employment opportunities for persons with disabilities. SSA beneficiaries may receive a TTW enabling them to shop for a service provider that will assist with their goals of finding employment. SSA offers a work incentive for Ticket holders and provides protection from Continuing Disability Review (CDR).

Service providers or Employment Networks (EN's) are organizations the SSA has qualified to provide employment services and support to persons with disabilities.

Current Utah EN's are:

- Ability First
- Columbus Community Center
- Kourtney Layton
- Kristy Farnsworth
- PARC
- Resource & Reentry
- Special Employment
- Valley Mental Health

There is a cash advantage for VR and EN's as Social Security will pay an EN for successful outcomes and VR is paid on a Cost Reimbursement method if certain criteria are met. VR gets reimbursed for the money we spent on a client when that client has a successful job outcome. The beneficiary's TTW must be assigned to VR in order for us to get paid. Part of the Outcome Criteria for payment is that the beneficiary must have a sustained period of earnings over Substantial Gainful Activity (SGA) for 9 out of 12 months.

State VR agencies are EN's under the TTW program and a client cannot assign their TTW to more than one EN at a time. VR also provides Benefits Planning services for clients. The Ticket isn't assigned until the client is in plan and an IPE is developed. VR also provides the up-front services leading to employment.

Partnership Plus occurs when the state VR agency and an EN successfully serve the same beneficiary under the same Ticket. It increases beneficiaries' choices to access services.

Services supplied by EN's are:

- Benefits Counseling
- On-going support services
- Job retention services
- Job coaching
- Transportation
- Mentoring
- Training and Education

Case Closure triggers a 90 day grace period, the ticket goes back for ticket reassignment and the EN contacts Maximus for assignment, facilitating smooth transition from VR services to ongoing support by an EN.

Gordon reported there will be a 2 day event sponsored by Maximus in Utah to identify and recruit potential EN's.

Kent McGregor wonders why there is a higher SGA amount for the blind than there is for other groups? Noreen suggested it was a different lobbying group, possibly because it is harder for the blind to find employment.

Karim asked about the types of Social Security insurance. On SSDI, an individual no longer can perform the work he once did. It is an insurance pool that is paid into from the work you've done, so that when you're not able to work you can pull from it. SSI is income that government gets from the general tax pool. Those individuals have not paid into this pool. Both programs are administered through SSA.

There were no more questions and Sharon Brand opened the meeting for Public Comments.

OPEN DISCUSSION/PUBLIC COMMENTS

Jim Sterzer wanted to thank Scott and Steve Jardine for their comments regarding Russ and Kyle and hoped for accountability within USOE and the Board. He supports Scott 100% and likes the controls that have been put in place. He also wanted to extend thanks to Russ and Kyle for their many years of support and services.

Susan Loving says Utah is an Employment First state, with competitive employment as a first option, and includes USOR, DSPD, Mental Health and Workforce Services. Of interest is that DSPD applied for and received intensive technical assistance from the Office of Disability and Employment. There are 5 core agencies in that group, which is an Employment First state leadership/mentoring project; they are DSPD, USOR, Mental Health, DWS and Special Education. There is going to be an Employment First Summit on March 31st. Susan has extended an invitation to anyone who is interested in attending the Summit.

Kris Fawson said "As a board we would like to do something as a thank you to Russ and Kyle for the years of service they've given us". Kent McGregor was assigned to draft a letter.

John Woeste was given time to extend his appreciation for all the Council had done during his term as Program Specialist and announced the assignment is being handed over to Gordon Swensen.

There were no further comments; meeting was adjourned at noon. Submitted by Lynn Nelsen.