



Oregon

Theodore R. Kulongoski, Governor

April 30, 2009

Department of Human Services

Office of the Director

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The Honorable Margaret Carter, Co-Chair
The Honorable Peter Buckley, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048



Re: OVRs Basic 110 ARRA Funds - \$6.4 Million

Dear Co-Chairpersons:

The recently passed American Recovery and Reinvestment Act (ARRA) included additional funding for the Basic 110 that funds most of Oregon's Vocational Rehabilitation Services (OVRs) program and Independent Living which funds both the State Independent Living Council and six Centers for Independent Living. Oregon anticipates being awarded up to \$6.4 million in ARRA vocational rehabilitation funds and \$1,000,404 in independent living funds from October 2008 through September 2010.

Introduction to OVRs

The Office of Vocational Rehabilitation Services (OVRs) assesses, plans, develops and provides vocational rehabilitation services to individuals whose disabilities present impediments to employment. The primary programs are Basic Vocational Rehabilitation Services, the Youth Transition Program, Supported Employment Services, and the Independent Living Program.

The federal government pays 78.7% of the cost of most OVRs services. However, funding has grown very slowly over the last two decades. Since 2001 Oregon has used federal carryover funds to maintain services. These funds were exhausted in the current biennium. In addition, Social Security reimbursement dollars have not been sufficient to fill the gap between funding and demand for services. OVRs currently lacks sufficient funds to serve all eligible individuals.



The Rehabilitation Service Administration (RSA), OVRS's funding agency, requires a state to invoke an Order of Selection (OOS) when it lacks sufficient resources to serve all eligible clients. Oregon invoked an OOS on January 15, 2009. This means OVRS established a statewide waiting list that prioritizes individuals for service based on the severity of their disability and serves individuals who already are in employment plans before serving other eligible individuals. OVRS is currently serving only those individuals already in an employment plan.

Basic 110 stimulus funds

The "Basic 110" grant is the primary federal funding source for OVRS programs. Regular Basic 110 grants have a match and maintenance of effort requirement.

ARRA increases discretionary Basic 110 funds available to states. The funds are distributed by the same formula as regular Basic 110 funds. However, there is no match required for ARRA funds and no impact on each state's maintenance of effort requirement. Oregon's allocation is \$6,181,100.

On April 1, 2009, the U. S. Department of Education awarded 50 percent of Basic 110 ARRA funds. The effective date of the grant award is February 17, 2009. Oregon's award is \$3,090,550. The remaining 50% will be awarded by September 30, 2009 after Oregon submits, and the Federal Government reviews, the required recordkeeping and reporting plan. The department is now in the process of preparing this plan for submission after recently receiving clarification from the Federal Government on the elements to be included.

DHS will use these ARRA funds for case services under the Order of Selection most likely in 2009-11, though some funds may be expended in 2007-09 using available federal fund limitation. The stimulus dollars will allow OVRS to begin to take up 200 people per month off the waiting list starting in July, 2009.

Introduction to Independent Living

Independent Living services are funded through Part C dollars that flow through to six community based nonprofit organizations and Part B dollars that fund the State Independent Living Council (SILC), a Governor

appointed body. The Centers must provide the following services: information and referral, independent living skills training, peer counseling, and individual and systems training. The Centers have partnered with OVRs and SPD in joint projects that support the missions of each program. The SILC jointly develops the State Plan for Independent Living and resource plan; monitors, reviews and evaluates the implementation of the state plan; and coordinates activities with the State Rehabilitation Council.

Independent Living stimulus funds

Oregon's ARRA allocation for the Independent Living (IL) State Grant Program is \$1,000,404. This includes \$784,879 in Part C which funds Centers for Independent Living (CILs) and \$212,549 in Part B which funds the State Independent Living Council (SILC). Part C funds are pass through dollars that are allocated directly to the centers in accordance with the State Plan for Independent Living (SPIL). RSA has not yet provided guidance on the distribution of the Part B funds. Oregon has been awarded all of these funds. The program is in process of identifying the required ten percent in matching funds through available resources.

Limitation request

Limitation requests for both programs for 2009-11 will be included in the normal Ways and Means process. All funds must be obligated by September 30, 2011.

Sincerely,



Jim Scherzinger
Deputy Director of Finance

CC: John Britton, Legislative Fiscal Office
Sheila Baker, Legislative Fiscal Office
Blake Johnson, Department of Administrative Services