

South Carolina
Vocational Rehabilitation Department



Agency Budget Request
2012-2013

Table of Contents

Transmittal Letter.....	3
Organizational Chart.....	4
“Where We Are Now”	5
Agency Budget Request for FY2013.....	6
Federal Funds Overview	7
Other Funds Overview	9
Base Budget Expenditures and Appropriations	11
Major Program Areas	12
Key Results.....	13
Cost-Saving Initiatives	18
Counter Measures for Fraud and Abuse.....	18
Audit Information	19
Agency Proviso Requests.....	21
Agency Proviso Sheets	22



South Carolina Vocational Rehabilitation Department

*Enabling eligible South Carolinians with disabilities to prepare for,
achieve and maintain competitive employment.*

Barbara G. Hollis, Commissioner

February 1, 2012

The Honorable G. Murrell Smith Jr., Chairman
The Honorable Tracy R. Edge
The Honorable William G. Herbkersman
The Honorable Harry L. Ott 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 \$4,613,787 in recurring funding for SFY2012-2013. This would be a partial restoration of funding that would bring SCVRD back to the level of state matching funds required to access the allotment of federal funds that has been set aside for our state specifically for vocational rehabilitation services for people with disabilities.

Thanks to your support the department had never been below state match level prior to FY2010-2011. However, it has now begun relinquishing its allotment of federal funding (\$6 million relinquished in 2011, \$7.8 million projected for relinquishing in 2012), which is taking its toll on the number of people served and successfully employed through VR services.

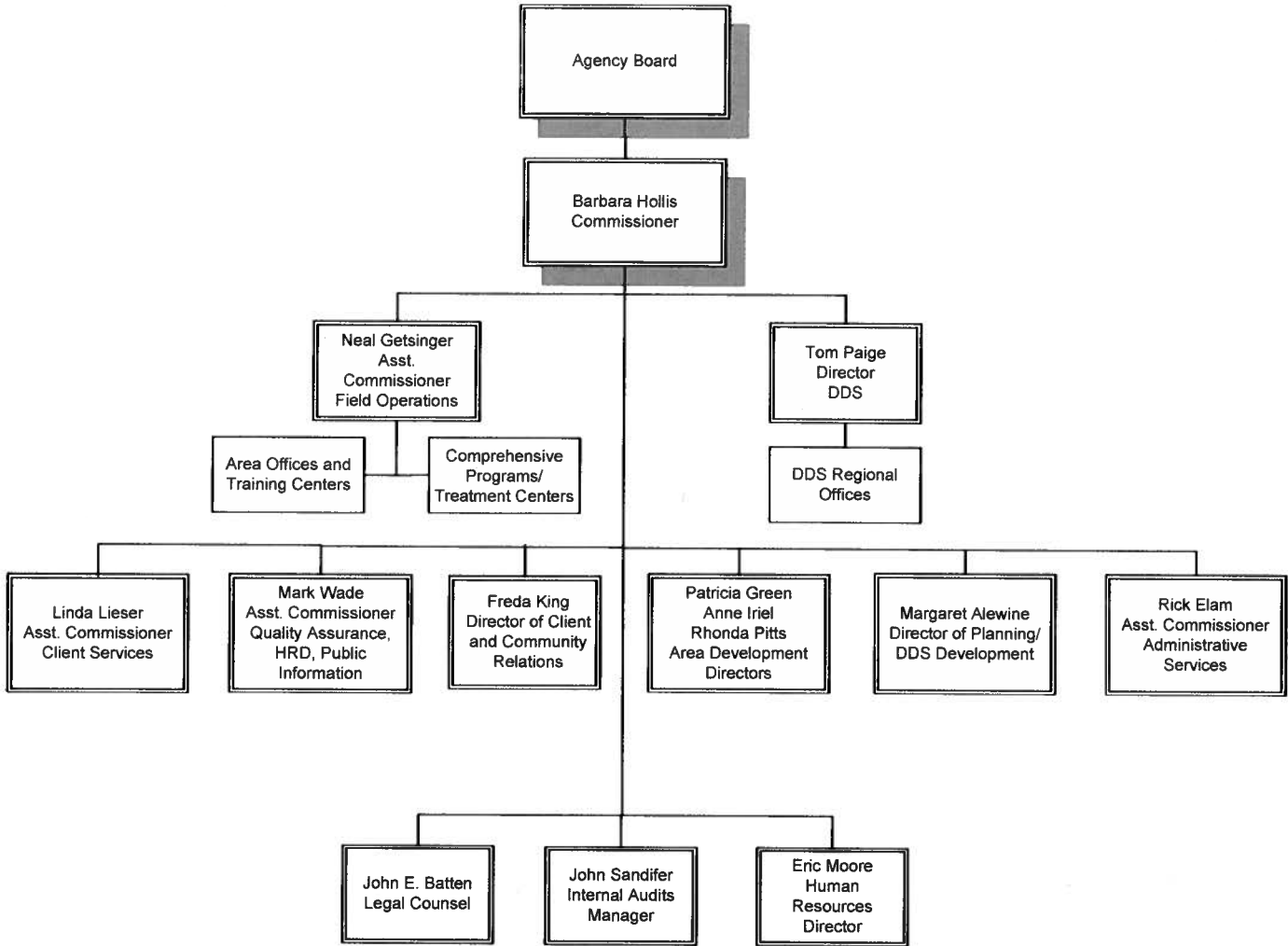
Should the department's request for \$4,613,787 be granted for FY2012-2013, the agency would be able to access an additional \$17,047,185 in federal funds (nearly 4 federal dollars per state dollar) and to take advantage of the full federal allotment of more than \$48 million for VR services for South Carolinians.

Thank you for your service to our state and for your support of our program. 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 2012



“Where We Are Now”

Funding:

- Nearly 4 dollars in federal allotment for each state dollar
- Lowest level of base state funding since 1980
- 41% decrease in base funding since 2009, 51% since 2001
- Relinquished \$6 million of federal allotment in 2011
- Projected to relinquish \$7.8 million of federal allotment in 2012
- Income from production contracts helped offset training center costs, but federal regulations do not allow this income to be used for match

2012 Summary:	State Funding	Federal Impact
Total Match Requirement	\$ 13,093,728	
2012 State Level (Base & CRF)	\$ 10,979,941	loss of \$7.8 million

2013 Outlook:	State Funding	Federal Award
Total Match Requirement	\$ 13,093,728	\$ 48,379,174 allotted*
At Current State Base Level	\$ 8,479,941	\$ 31,331,989 accessible
Needed to Access Full Allotment	\$ 4,613,787	

* Note: Since SCVRD's original budget request was filed in September 2011 the estimated federal allotment for the agency was increased to \$49,721,081 and the required state match for full allotment to \$13,456,913. The allotment increased due to the federal formula used for state VR grants, which reflects the state's economic downturn.

Services:

- 7,304 people with disabilities became successfully employed in 2011
- Decline of approximately 24 percent in successful employment outcomes since 2008
- Decline of approximately 30 percent in South Carolinians with disabilities entering the program since 2008
- Inability to maintain staffing levels, especially at rural and itinerant sites

Return on investment:

- Successfully employed clients will repay cost of VR services in 6 years by becoming taxpayers and will pay back more than 3 dollars for every VR dollar spent on their rehabilitation

SCVRD Budget Request for 2012-2013

SUMMARY OF ADDITIONAL FUNDING NEEDED FOR OPERATING BUDGET PRIORITIES FOR FY 2012-2013

OPERATING BUDGET PRIORITIES		FUNDING					FTEs			
Priority No.	Title/Description	Non-Recurring State	Recurring State	Federal	Other	Total	State	Federal	Other	Total
1	Restoration of Vocational Rehabilitation Program Funding to Support Services to People with Disabilities Leading to Successful Employment		4,613,787	17,047,185		21,660,972				0.00
TOTAL OF ALL OPERATING BUDGET PRIORITIES		0	4,613,787	17,047,185	0	21,660,972	0.00	0.00	0.00	0.00

How will the requested \$4,613,787 be spent?

The increased funding will be devoted to client services (including agency provided services and purchased services). The department utilizes more than 95 percent of its total state funding for direct client service provision. These services include:

- counseling and guidance
- vocational assessment
- physical, occupational, aquatic therapies
- school-to-work transition services
- job readiness training
- post secondary training
- assistive technology devices and services
- job retention services
- supported employment
- job placement

With no restoration beyond current base state levels (and the matching federal funds):

- SCVRD would serve about 12,000 fewer people with disabilities
 - This 28 percent drop would be due in large part to the need to close some offices.
 - Estimated \$26 million in lost annual earnings for those potential clients who would have become successfully employed and for our state's economy.
 - Another sharp decline in employment outcomes is likely in 2013 due to the "lag effect" of fewer people entering the program the past two years.
 - Relinquishing of \$17 million of South Carolina's federal allotment for 2013.

The agency has managed to avoid closing any locations thanks to cost-cutting measures, one-time funding that you have provided, and ARRA funds. SCVRD would no longer be able to maintain its current number of service locations. This would likely lead to the prioritizing of clients based on disability. For example, someone receiving Social Security disability benefits would be served while a client exiting the corrections systems most likely would not.

Federal Funds Overview

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

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

Amount: **\$ 48,379,174***

Summary: This grant funds the core program of the agency, which enables eligible people with disabilities to prepare for, achieve and maintain competitive employment. A 21.3% state match is required. The agency's current base state funding is \$4,613,787 below the required state match to draw down the allotted amount shown above, which is the basis for SCVRD's requested amount in additional funding. The agency had never been below state match level until SFY2010-11.

** since the agency's budget request was submitted this allotment was increased to \$49,721,081 by the Rehabilitation Services Administration after re-applying its funding formula for states.*

Title: **Social Security Disability Determination Services**

Source: Social Security Administration

Amount: **\$ 42,242,690**

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.

Title: **Independent Living State Grant**

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

Amount: **\$ 271,751**

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.

Title: **Rehabilitation Training—State V.R. Unit In-Service Training**
Source: U.S. Department of Education, Rehabilitation Services Administration
Amount: **\$ 126,235** for FY2013 (\$ 703,044 over 5 years)
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.

Title: **Supported Employment Services for Individuals with Severe Disabilities**
Source: U.S. Department of Education, Rehabilitation Services Administration
Amount: **\$ 317,281**
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.

Title: **South Carolina Pathways Toward Employment**
Source: Social Security Administration, Work Incentives Planning & Assistance Program
Amount: **\$267,769** in FY2013 (\$ 1,551,076 total for 5-year award)
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.

Title: **Youth Employment Services Program**
Source: U.S. Department of Education, Rehabilitation Services Administration
Amount: **\$142,281** for FY2013 (\$ 2,417,532 total over entire grant period)
Summary: Enhancing school-to-work transition services is a primary focus. Without early intervention, 16- to 21-year olds with disabilities are in a position of great vulnerability to a cycle of poverty and reliance on government benefits. This grant assists the agency in providing services to this population.

Other Funds Overview

Title: **I. Administration**

Sources: County revenues, program income from training centers

Amount: **\$ 446,488**

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.

Title: **II.A Basic Services**

Sources: Program income from training centers, residential center revenue, basic support match from the Department of Mental Health

Amount: **\$ 3,242,011**

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.

Title: **II.B Special Projects**

Sources: Program income from training centers, SSA reimbursements for successfully employed SSI/SSDI recipients

Amount: **\$ 2,415,347**

Summary: These funds are utilized for special projects to augment the basic services program.

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

Source: Business and industry community

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 are used to offset the costs of running the facilities.

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.

Base Budget Expenditures and Appropriations

(from Agency Accountability Report SFY2011)

Major Budget Categories	FY 09-10 Actual Expenditures		FY 10-11 Actual Expenditures		FY 11-12 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$ 53,381,512	\$ 8,049,060	\$ 53,246,073	\$ 6,825,316	\$ 61,892,034	\$ 6,201,599
Other Operating	\$ 30,154,512	\$ 71,870	\$ 29,448,354	\$ 47,457	\$ 35,280,968	\$ 66,557
Special Items						
Permanent Improvements	\$ 2,556,080		\$ 770,652			
Case Services	\$ 18,200,523	\$ 3,000	\$ 22,152,490		\$ 22,713,006	
Distributions to Subdivisions						
Fringe Benefits	\$ 15,691,842	\$ 2,027,372	\$ 16,305,242	\$ 2,151,176	\$ 19,149,339	\$ 2,211,785
Non-recurring						
Total	\$ 119,984,469	\$ 10,151,302	\$ 121,922,811	\$ 9,023,949	\$ 139,035,347	\$ 8,479,941

Other Expenditures

Sources of Funds	FY 09-10 Actual Expenditures	FY 10-11 Actual Expenditures
Supplemental Bills		
Capital Reserve Funds	\$ 918,409	\$ -
Bonds		

Major Program Areas

(from Agency Accountability Report SFY2011)

Program Number and Title	Major Program Area Purpose (Brief)	FY 09-10 Budget Expenditures	FY 10-11 Budget Expenditures	Key Cross References for Financial Results*
01000000 Administration	General operation and support of all agency programs.	State: 1,259,215.00 Federal: 5,679,791.00 Other: 151,040.00 Total: 7,090,046.00 % of Total Budget: 5.91%	State: 741,472.00 Federal: 5,064,698.00 Other: 127,437.00 Total: 5,933,607.00 % of Total Budget: 4.87%	7.3-1 thru 7.3-9 7.4-3 7.4-5 thru 7.4-6 7.6-3
05100000 Basic Services	Delivery of services to people with disabilities enabling them to prepare for, achieve and maintain competitive employment.	State: 6,799,568.00 Federal: 32,276,667.00 Other: 2,359,572.00 Total: 41,435,807.00 % of Total Budget: 34.53%	State: 6,083,844.00 Federal: 31,605,280.00 Other: 1,841,262.00 Total: 39,530,386.00 % of Total Budget: 32.42%	7.1-1 thru 7.1-9 7.5-4
05250000 Special Projects	Grant programs, extended rehabilitation services, in-service training, Independent Living.	State: 65,147.00 Federal: 4,404,906.00 Other: 1,214,943.00 Total: 5,684,996.00 % of Total Budget: 4.74%	State: 47,457.00 Federal: 5,142,506.00 Other: 1,194,780.00 Total: 6,384,743.00 % of Total Budget: 5.24%	7.2-3 7.3-9 7.5-2
05300000 Workshop Production	Program income from work training centers.	State: Federal: Other: 15,037,592.00 Total: 15,037,592.00 % of Total Budget: 12.53%	State: Federal: Other: 16,135,061.00 Total: 16,135,061.00 % of Total Budget: 13.23%	7.3-7
25000000 Disability Determination Services	Adjudicate SS/SSDI claims for the Social Security Administration.	State: Federal: 30,570,871.00 Other: 1,917,235.00 Total: 32,488,106.00 % of Total Budget: 27.08%	State: Federal: 34,233,927.00 Other: 2,629,192.00 Total: 36,863,119.00 % of Total Budget: 30.23%	7.1-10

Below: List any programs not included above and show the remainder of expenditures by source of funds.

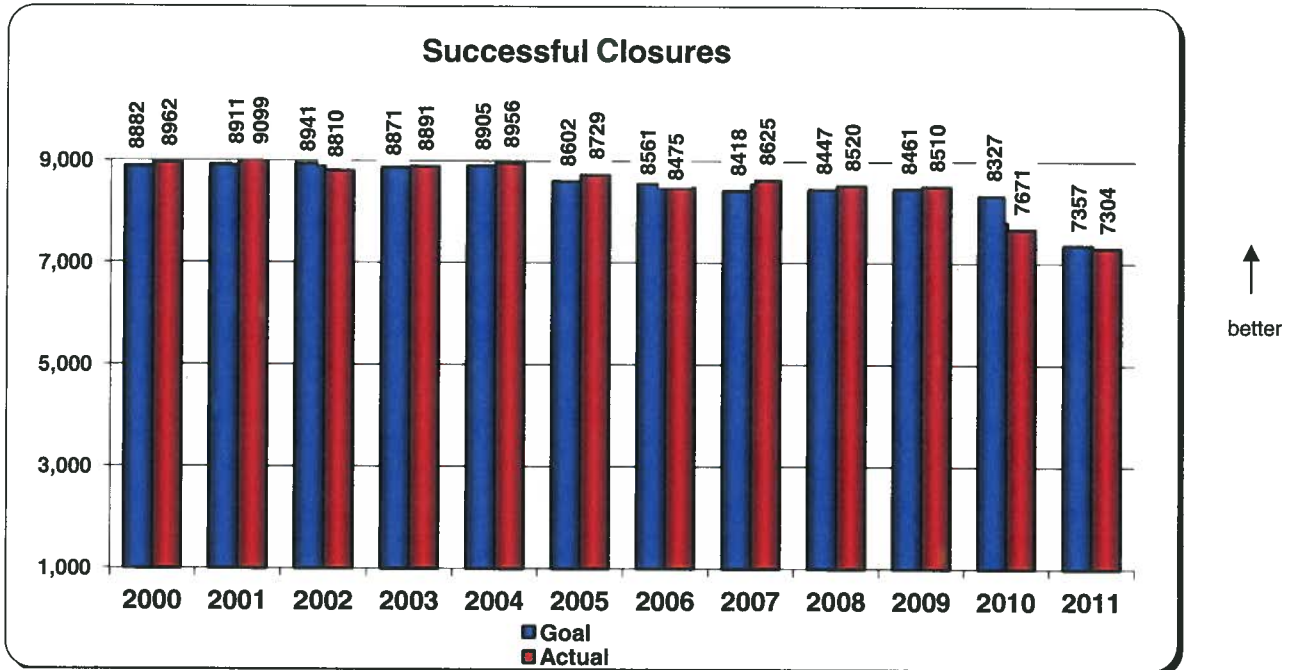
95000000 Employer Contributions and 99000000 Capital Projects

Remainder of Expenditures:	FY 09-10 Budget Expenditures	FY 10-11 Budget Expenditures
	State: 2,027,372.00	State: 2,151,176.00
	Federal: 12,522,307.00	Federal: 13,543,294.00
	Other: 3,698,243.00	Other: 1,381,425.00
	Total: 18,247,922.00	Total: 17,075,895.00
	% of Total Budget: 15.21%	% of Total Budget: 14.01%

Key Results

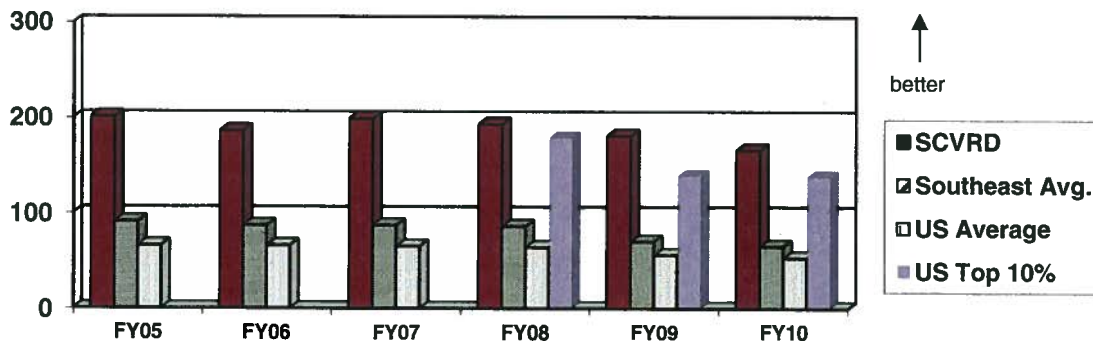
SUCCESSFUL OUTCOMES

A key performance effectiveness result is the number of people with disabilities that have successful employment outcomes after receiving SCVRD services. In FY2011 the number of successful rehabilitations decreased as high unemployment rates impacted job placement efforts and the agency implemented new measures to address state budget reductions.



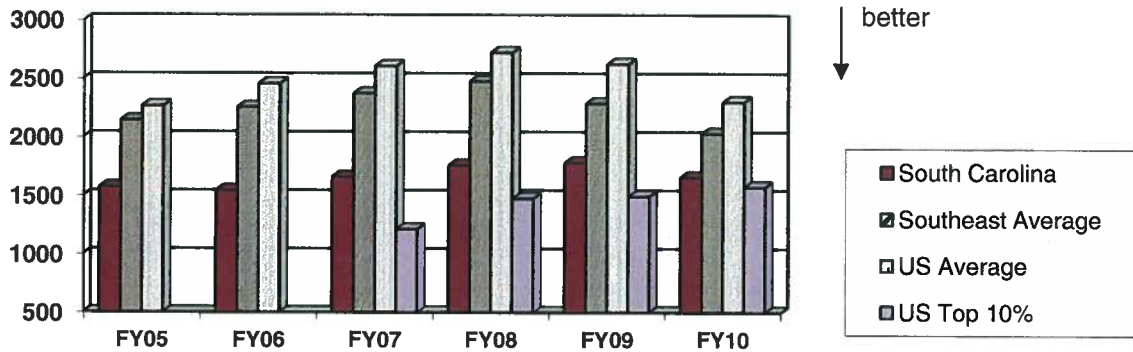
REHABILITATIONS PER 100,000 POPULATION

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 FY2009 show SCVRD at **166** people rehabilitated per 100,000, second only to Vermont, which had **246**. SCVRD was first in the Southeast region; Mississippi was second at **154**. The Southeast average was **65**, the national average was **53** and the states comprising the top 10% in performance averaged **134**. The number of rehabilitations nationally and regionally fell significantly during this period as a result of economic conditions.



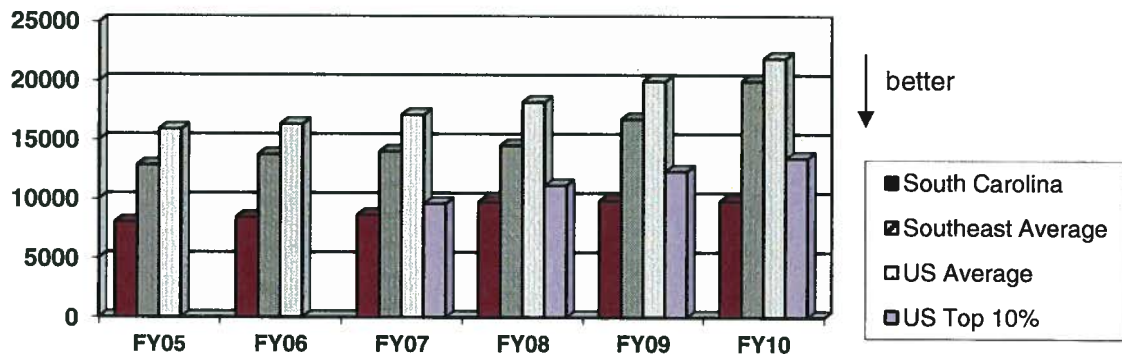
AVERAGE COST PER CLIENT SERVED

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 FY2010 (most recent comparative data available), the department had the 9th lowest cost per client served (**\$1,658**) 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 \$1,550). The states comprising the nation's top 10% in performance had an average cost of \$1,574.



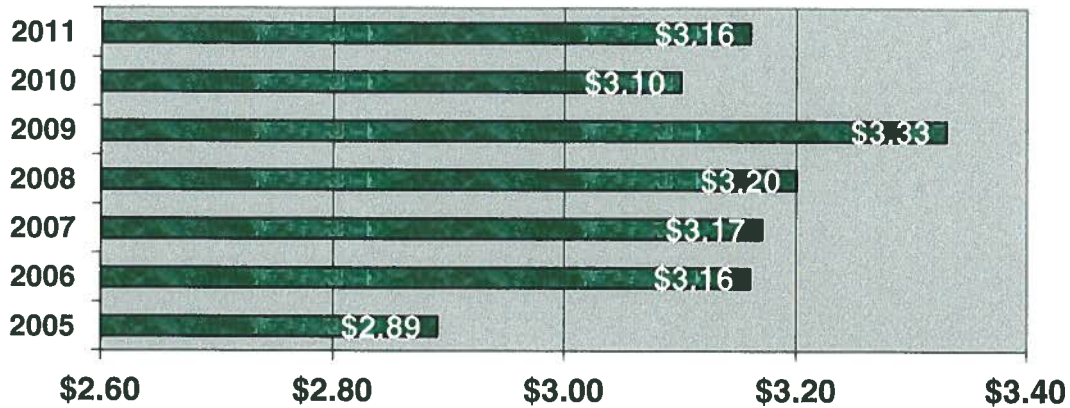
AVERAGE COST PER CLIENT REHABILITATED

The department's efficiency and effectiveness is reflected in its national prominence among VR agencies in cost per rehabilitation. For each successfully employed client in federal FY2010, the department's average cost was **\$9,793, the second lowest in the entire nation**. Idaho was the lowest at \$9,680. Alabama had the second lowest cost in the Southeast region at \$14,501. The states comprising the nation's top 10% in performance averaged \$13,455.



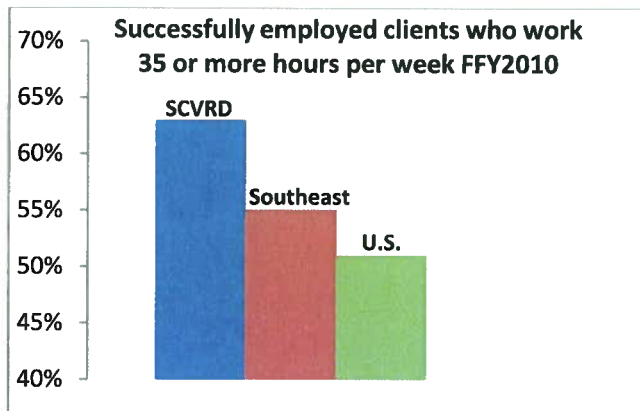
Taxpayer Payback Cost/Benefit Ratio

(How much each rehabilitated client will pay back in taxes for each dollar spent on his/her VR services)



FULL-TIME EMPLOYMENT OF CLIENTS

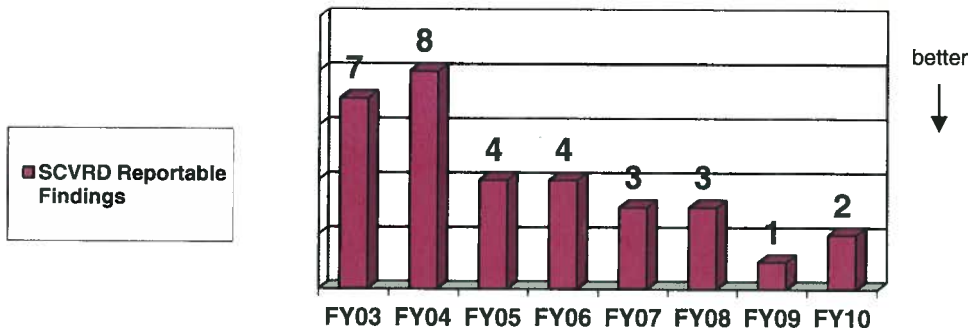
While the extent of work schedules vary for people with disabilities based on their own circumstances, working longer hours enhances the independence and employment success for many, and increases the state's return on investment. A higher percentage of rehabilitated SCVRD clients work 35 or more hours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



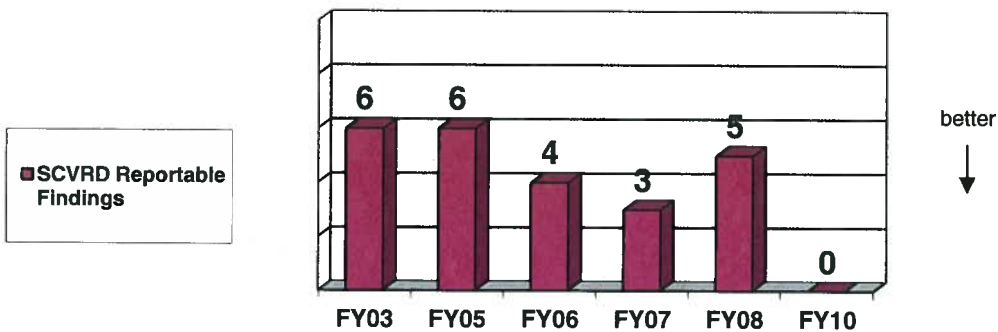
FISCAL ACCOUNTABILITY

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. A recently completed procurement audit was extremely favorable. The most recent benefits audit was also very positive. In the most recent single audit SCVRD showed only two reportable findings. The FY2010 State Agreed-Upon Procedure Audit contained *no* findings.

State of South Carolina Single Audit Results



State of South Carolina Agreed Upon Procedures Audit

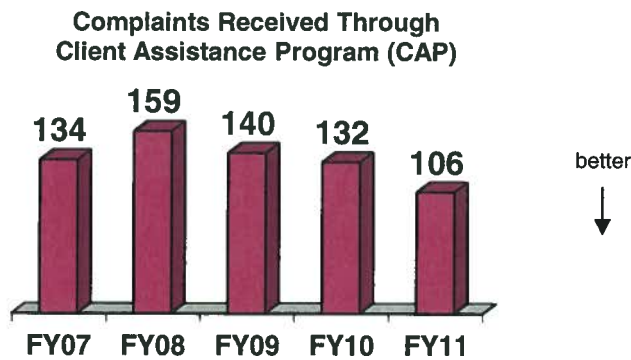


(no audits conducted in FY04 or FY09)

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 no disputes needing resolution in an impartial hearing process (formal administrative review). 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 (more than 40,000 per year) the number of complaints registered with the client relations specialist remains relatively small—totaling 106 during FY2011. Last year 67 percent of complaints against SCVRD by clients through CAP or other means were resolved by telephone/email without the need for a meeting, and none required a formal review.



Cost Saving Initiatives

- The agency has reduced personnel costs by \$4.2 million from FY2009 to FY2011. Some of the measures used to achieve that reduction have been:
 - Five-day furlough in 2011
 - Hiring freeze for more than a year except for the most critical positions
 - Freeze in promotions, reclassifications, and additional duties increases
 - Cut the majority of part-time hours
- SCVRD has also shown a thirty percent cut in staff travel costs in direct client services as well as in administrative capacities.
- Deferred maintenance on agency facilities.
- Decreased costs over three year period in data processing services and supplies, general repairs, postage, gasoline, non-capital equipment
- Strong focus on safety has had significant cost savings. Due to the agency's reduction in injuries over the past three years there has been a reduction of \$166,887 in its workers' compensation premium for 2011. In addition, the agency has received \$200,473 in credits from last year's premium as a result of lower than expected claim costs.
- The agency has seen a \$4.7 million decrease in overall spending from FY2009 levels which is reflected in its decrease in clients served and successful employment outcomes from clients.

Counter Measures for Fraud and Abuse

- SCVRD's Disability Determination Services partnered with U.S. Office of Inspector General, Social Security field offices and SLED to form Cooperative Disability Investigations to identify people who fraudulently accessed Social Security and Medicaid disability benefits. To date more than \$29 million has been saved through these investigations.
- A portal for anyone wishing to "Report Suspected Fraud" is located on the main menu of the agency's website.
- The agency has an internal audits department, which operates independently of other units and reports directly to the Commissioner.
- An e-mail tool for clients, families or other customers of the department to contact the agency, or to report problems, complaints or wrongdoing, is prominently displayed on the agency website.
- The agency provides all clients with information on how to contact the Office of the Governor's Client Assistance Program to report issues with the department's staff.

Audit Information

- There have been no recent Legislative Audit Council reports focused on SCVRD.
- Recent state financial audits have been positive. The most recent state audit of Agreed-Upon Procedures resulted in NO exceptions for SCVRD.
- The most recent Single Audit had two findings. The findings and agency's response are shown on page 20.
- The Rehabilitation Services Administration (RSA) of the U.S. Department of Education performs monitoring reviews of state vocational rehabilitation grantees on a rotating basis. SCVRD was the subject of an RSA monitoring report in 2010.
- RSA required corrective actions for two findings in the monitoring report:
 - SCVRD was not in compliance with maintenance of effort (MOE) requirements for FY2008 because its non-federal expenditures for that year failed to equal or exceed its non-federal expenditures for FY2006. SCVRD expected this action as state funds declined during that two year period and the agency's expenditures consequently declined. *Response:* A maintenance of effort penalty of \$874,575 was paid to RSA. SCVRD asked for technical assistance in identifying approved sources of matching funds.
 - SCVRD was not in compliance in its assignment of personnel costs for staff working on multiple programs. *Response:* The agency corrected this problem by implementing a personnel activity reporting process that required staff working on multiple programs to submit personnel activity reports reflecting actual time spent on each program rather than estimated time spent.
- Among the 12 states whose general or combined state vocational rehabilitation programs were reviewed by RSA in 2010, the South Carolina Vocational Rehabilitation Department had fewer corrective actions than all but one state.



South Carolina Vocational Rehabilitation Department

Enabling eligible South Carolinians with disabilities to prepare for, achieve and maintain competitive employment.

Barbara G. Hollis, Commissioner

South Carolina Vocational Rehabilitation Department (H730)

July 1, 2009 – June 30, 2010

Single Audit – Response

10H730-1. Maintenance of Effort – We recommend that the Department ensure that resources are available to meet the maintenance of effort requirement.

Response: We concur with the finding. As additional information would like to point out that planning and budgeting forecasts over the last ten years have been hampered by erratic state funding. During this time period there have been six years with mid-year reductions and some of those years there were multiple mid-year reductions in funding. Since 2001 there has been an overall base reduction in state funding of 48% and as a result of this negative trend there will be years it is not possible to ensure that MOE requirements will be met. We will continue to budget and plan in an attempt to meet federal MOE requirements.

10H730-2. Cash Drawdowns – We recommend the Department follow its procedures for cash management.

Response: We concur and understand and will comply with the cash management act. The implementation of SCEIS hindered us from making accurate cash projections in the early stages; we now have a better understanding of how to project cash requirements through SCEIS.

South Carolina Vocational Rehabilitation Department Proviso Requests 2012-2013

No new provisos are requested. However, SCVRD has recommended changes to two of its existing provisos as follows:

Proviso 20.1

(Production Contracts Revenue) All revenues derived from production contracts earned by the ~~handicapped trainees of the Evaluation and Training Facilities (Workshops)~~ 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.

Explanation/Justification:

These amendments would only update the language used in referring to our agency's clients and its work training centers to more appropriately describe and identify them. There would be no fiscal impact.

Proviso 20.3

(Basic Support Program Reconciliation) ~~The General Assembly hereby directs the Department of Vocational Rehabilitation to complete a reconciliation of the cost to operate the Basic Support program related to the combination of state and federal funds available following the close of each federal fiscal year. Such reconciliation shall begin with the federal fiscal year ending September 30, 1989. Federal funds participation for that period shall be applied at the maximum allowable percentage and the level of those funds on hand which have resulted from the over participation of state funds shall be remitted to the general fund within one hundred twenty days following the close of the federal fiscal year. This reconciliation and subsequent remission to the general fund shall be reviewed by the State Auditor to ensure that appropriate federal/state percentages are applied. It is the intent of the General Assembly that federal/state percentages budgeted and appropriated shall in no way be construed as authorization for the department to retain the federal funds involved.~~

Explanation/Justification:

This proviso refers to a reconciliation of costs to operate SCVRD's Basic Services program in light of the combination of state and federal funds available. This proviso was written prior to the Federal Cash Management Act, which substantially limits federal balances in state accounts. Also, since the proviso was written, both the federal and state governments have permitted carry-over of funds from one year to the next. These two factors have substantially reduced any relevance for this proviso. There would be no fiscal impact with its deletion, which the agency recommends.

V. Proviso Justification Form	Agency Code H73	Agency Name Vocational Rehabilitation Department
-------------------------------	--------------------	---

A. Proviso Number

Using the renumbered 2012-13 proviso base provided on the OSB website indicate the proviso number (*If new indicate "New #1", "New #2", etc.*):

20.1

B. Appropriation

Related budget category, program, or non-recurring request (*Leave blank if not associated with funding priority*):

II. A. Basic Services

II. B. Special Projects

II. C. Work Training Centers Production

C. Agency Interest

Is this proviso agency-specific, a general proviso that affects the agency, or a proviso from another agency's section that has had consequences?

Agency Specific

D. Action

(Indicate Keep, Amend, Delete, or Add):

Amend

E. Title

Descriptive Proviso Title:

Production Contracts Revenue

F. Summary

Summary of Existing or New Proviso:

The proviso stipulates that all revenues derived from production contracts earned by people with disabilities receiving job readiness training at the agency's work training centers throughout the state may be retained by SCVRD and used in those training centers 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.

G. Explanation of Amendment to/or Deletion of Existing Proviso

(If request to delete proviso is due to codification, note the section of the Code of Laws where the language has been codified):

Update language in the proviso.

H. Explanation of how this proviso directs the expenditure or appropriation of funds, and why this direction is necessary

The department operates a network of 24 training centers for the purpose of providing an array of vocational rehabilitation services to people with disabilities throughout the state. The department partners with local business and industry to acquire outsource work, which is performed by VR clients at the training centers. Clients are therefore exposed to a real work setting and learn the skills and work habits vital to successful employment. Staff can evaluate the clients' strengths and deficits and address those deficits through a variety of vocational rehabilitation services, which lead to job placement. This exposure to a real work setting is an essential part of many clients' rehabilitation programs, and the funds generated from business and industry help offset the cost of these services which otherwise might have been paid for with tax dollars. The proviso permits the activities and stipulates how generated revenues are to be used. The ability to retain these funds in these accounts is essential

because these funds are used to maintain and improve these facilities to include such expenses as roofs and grounds and equipment such as forklifts, vans and trucks. The department also has begun using these funds for salaries of production personnel directly involved in the centers' operations. This proviso has allowed the agency to continue providing some services that it may not have been able to continue without these revenues due to budget issues.

I. Justification

Refer to the instructions for the correct question to answer in this space, based on the action you selected

- (1) The proviso dates back many years; the agency knows of no reason it has not been codified. Due to its ongoing relevance and impact, the agency would be in favor of codification based on the reasons detailed in section H.
- (2) The recommended amendment would have no effect on the results of the proviso; it only updates the terminology related to people with disabilities and the agency's training centers.

J. Fiscal Impact (Include impact on each source of funds – state, federal, and other)

Fiscal impact to other funds is \$21,000,000, which are production costs related to client job readiness training of the Basic Services program. These funds are considered program income by federal regulations since federal funds were used to help generate them. Program income, under federal regulations, can only be expended for the purpose of the program that generated them. The list of other funds includes:

SAP Fund Number	Source Name
33640000	Richland WTC
34240000	Laurens WTC
34270000	Florence WTC
34280000	Conway WTC
34290000	Walterboro WTC
34300000	Aiken WTC
34310000	Anderson WTC
34320000	Orangeburg WTC
34330000	Lexington WTC
34340000	Greenville WTC
34350000	Greenwood WTC
34360000	Sumter WTC
34370000	Charleston WTC

V. Proviso Justification Form

Agency Code
H73

Agency Name
Vocational Rehabilitation Department

34380000	Spartanburg WTC
34390000	Rock Hill WTC
34500000	Lancaster WTC
34510000	Beaufort WTC
34520000	Oconee-Pickens WTC
34530000	Camden WTC
35500000	Kingstree WTC
36130000	Gaffney WTC
37010000	Hartsville WTC
37670000	Marlboro WTC
38770000	Berkeley-Dorchester WTC
39040000	Greer WTC

Fiscal impact to State-\$0, Federal-\$0.

Rick Elam 896-6506

K. Text of New Proviso with Underline or Entire Existing Proviso Text with Strikeover and Underline

20.1 All revenues derived from production contracts earned by ~~the handicapped trainees of the Evaluation and Training Facilities (Workshops)~~ 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.

V. Proviso Justification Form	Agency Code H73	Agency Name Vocational Rehabilitation Department
-------------------------------	--------------------	---

A. Proviso Number

Using the renumbered 2012-13 proviso base provided on the OSB website indicate the proviso number (*If new indicate "New #1", "New #2", etc.*):

20.2

B. Appropriation

Related budget category, program, or non-recurring request (*Leave blank if not associated with funding priority*):

II. A. Basic Services

C. Agency Interest

Is this proviso agency-specific, a general proviso that affects the agency, or a proviso from another agency's section that has had consequences?

Agency Specific

D. Action

(Indicate Keep, Amend, Delete, or Add):

Keep

E. Title

Descriptive Proviso Title:

Reallotment Funds

F. Summary

Summary of Existing or New Proviso:

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.

G. Explanation of Amendment to/or Deletion of Existing Proviso

(If request to delete proviso is due to codification, note the section of the Code of Laws where the language has been codified):

H. Explanation of how this proviso directs the expenditure or appropriation of funds, and why this direction is necessary

Proviso allows flexibility to increase initial projections of federal funds received due to federal reallotment process. The Vocational Rehabilitation program is principally funded with federal funds distributed to the states on a formula basis. These funds are designated specifically for vocational rehabilitation services. State VR programs lose portions of their allotments when they can't provide matching funds; the funds are then reallotted to other state VR programs that can match them. The proviso also recognizes that this funding method is beneficial to the state but may require further budget approvals since the timing and amount of these funds are unpredictable.

V. Proviso Justification Form	Agency Code H73	Agency Name Vocational Rehabilitation Department
-------------------------------	--------------------	---

I. Justification

Refer to the instructions for the correct question to answer in this space, based on the action you selected

The proviso dates back many years; the agency knows of no reason it has not been codified. The agency would be in favor of codification based on the reasons detailed in section H.

J. Fiscal Impact (Include impact on each source of funds – state, federal, and other)

This enhances the agency’s capabilities in providing quality vocational rehabilitation services leading to gainful employment. In addition to helping people with disabilities improve their quality of life through employment, the state gets a significant return on investment through the repayment of the cost of services (and more) by clients when they become taxpaying employees. They also lessen their reliance on government benefits. The amount of fiscal impact for our agency would vary based on the amount of reallocated funds the agency is eligible for and can match. SCVRD has relinquished more than \$6 million for 2011 due to match shortfalls; other states will seek those funds through reallocation.

Fiscal impact: for every \$1 of State funds the agency can draw \$3.69 in Federal reallocation funds.

State 21.3%, Federal 78.7%, Other 0%

Rick Elam 896-6506

K. Text of New Proviso with Underline or Entire Existing Proviso Text with Strikeover and Underline

(INSERT PROVISO FROM FY 2012-13 RENUMBERED PROVISO BASE HERE)

V. Proviso Justification Form	Agency Code H73	Agency Name Vocational Rehabilitation Department
-------------------------------	--------------------	---

A. Proviso Number

Using the renumbered 2012-13 proviso base provided on the OSB website indicate the proviso number (*If new indicate "New #1", "New #2", etc.*):

20.3

B. Appropriation

Related budget category, program, or non-recurring request (*Leave blank if not associated with funding priority*):

II. A. Basic Services

C. Agency Interest

Is this proviso agency-specific, a general proviso that affects the agency, or a proviso from another agency's section that has had consequences?

Agency Specific

D. Action

(Indicate Keep, Amend, Delete, or Add):

Delete

E. Title

Descriptive Proviso Title:

Basic Support Program Reconciliation

F. Summary

Summary of Existing or New Proviso:

This is a reconciliation of costs to operate Basic Services program in light of the combination of state and federal funds available.

G. Explanation of Amendment to/or Deletion of Existing Proviso

(If request to delete proviso is due to codification, note the section of the Code of Laws where the language has been codified):

This proviso was written prior to the Federal Cash Management Act, which substantially limits federal balances in state accounts. Also, since the proviso was written, both the federal and state governments have permitted carry-over of funds from one year to the next. These two factors have substantially reduced any relevance for this proviso.

H. Explanation of how this proviso directs the expenditure or appropriation of funds, and why this direction is necessary

The Department assumes that this proviso was written to assure that Federal funds were expended throughout the year in a manner which approximated the Federal/State match.

I. Justification

Refer to the instructions for the correct question to answer in this space, based on the action you selected

The proviso is no longer necessary for reasons outlined in section G.

V. Proviso Justification Form	Agency Code H73	Agency Name Vocational Rehabilitation Department
-------------------------------	--------------------	---

- J. Fiscal Impact (Include impact on each source of funds – state, federal, and other)**
 Federal and State funds that comprise the Vocational Rehabilitation Basic Service Program
 Fiscal impact to State-\$0, Federal-\$0, Other-\$0.

Rick Elam 896-6506

- K. Text of New Proviso with Underline or Entire Existing Proviso Text with Strikeover and Underline**

~~20.3 The General Assembly hereby directs the Department of Vocational Rehabilitation to complete a reconciliation of the cost to operate the Basic Support program related to the combination of state and federal funds available following the close of each federal fiscal year. Such reconciliation shall begin with the federal fiscal year ending September 30, 1989. Federal funds participation for that period shall be applied at the maximum allowable percentage and the level of those funds on hand which have resulted from the over participation of state funds shall be remitted to the general fund within one hundred twenty days following the close of the federal fiscal year. This reconciliation and subsequent remission to the general fund shall be reviewed by the State Auditor to ensure that appropriate federal/state percentages are applied. It is the intent of the General Assembly that federal/state percentages budgeted and appropriated shall in no way be construed as authorization for the department to retain the federal funds involved.~~

A. Proviso Number

Using the renumbered 2012-13 proviso base provided on the OSB website indicate the proviso number (*If new indicate "New #1", "New #2", etc.*):

20.4

B. Appropriation

Related budget category, program, or non-recurring request (*Leave blank if not associated with funding priority*):

II. A. Basic Services

C. Agency Interest

Is this proviso agency-specific, a general proviso that affects the agency, or a proviso from another agency's section that has had consequences?

Agency Specific

D. Action

(Indicate Keep, Amend, Delete, or Add):

Keep

E. Title

Descriptive Proviso Title:

User/Service Fees

F. Summary

Summary of Existing or New Proviso:

Proviso allows use of fees charged to general public or other ineligible parties to be offset against the cost of those activities.

G. Explanation of Amendment to/or Deletion of Existing Proviso

(If request to delete proviso is due to codification, note the section of the Code of Laws where the language has been codified):

H. Explanation of how this proviso directs the expenditure or appropriation of funds, and why this direction is necessary

The agency is occasionally asked to provide services to a person who does not meet program eligibility requirements. In order to assist this individual, the agency must recover the cost of these services to offset the expenditure of federal program funds. This proviso permits delivery of this type service. If the agency were not allowed to recover these costs, it would be in violation of federal law prohibiting services to non-eligible persons. Due to budget constraints this proviso is not currently utilized because the agency directs all its resources to eligible clients only. However the proviso has been utilized at times over the years when staffing permitted.

I. Justification

Refer to the instructions for the correct question to answer in this space, based on the action you selected

The proviso dates back many years; the agency knows of no reason it has not been codified. Due to its ongoing relevancy the agency would be in favor of codification based on the reasons detailed in section H.

V. Proviso Justification Form	Agency Code H73	Agency Name Vocational Rehabilitation Department
-------------------------------	--------------------	---

J. Fiscal Impact (Include impact on each source of funds – state, federal, and other)

Fiscal impact to State-\$0, Federal-\$0, Other- Very minimal impact.

Rick Elam 896-6506

K. Text of New Proviso with Underline or Entire Existing Proviso Text with Strikeover and Underline

(INSERT PROVISO FROM FY 2012-13 RENUMBERED PROVISO BASE HERE)

A. Proviso Number

Using the renumbered 2012-13 proviso base provided on the OSB website indicate the proviso number (*If new indicate "New #1", "New #2", etc.*):

20.5

B. Appropriation

Related budget category, program, or non-recurring request (*Leave blank if not associated with funding priority*):

II. A. Basic Services

C. Agency Interest

Is this proviso agency-specific, a general proviso that affects the agency, or a proviso from another agency's section that has had consequences?

Agency Specific

D. Action

(Indicate Keep, Amend, Delete, or Add):

Keep

E. Title

Descriptive Proviso Title:

Meal Ticket Revenue

F. Summary

Summary of Existing or New Proviso:

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.

G. Explanation of Amendment to/or Deletion of Existing Proviso

(If request to delete proviso is due to codification, note the section of the Code of Laws where the language has been codified):

H. Explanation of how this proviso directs the expenditure or appropriation of funds, and why this direction is necessary

The agency operates three (3) residential programs where clients are provided meals. Staff at these facilities are allowed to eat certain meals and are charged for agency cost. The agency encourages this practice in an effort to have as many staff available on site as possible. We believe that this proviso is in the best interest of clients at those facilities.

I. Justification

Refer to the instructions for the correct question to answer in this space, based on the action you selected

The proviso dates back many years; the agency knows of no reason it has not been codified. The agency would not be opposed to codification based on the reasons detailed in section H.

V. Proviso Justification Form	Agency Code H73	Agency Name Vocational Rehabilitation Department
--------------------------------------	---------------------------	--

J. Fiscal Impact (Include impact on each source of funds – state, federal, and other)

Fiscal impact to State-\$0, Federal-\$0, Other- Estimated impact on earmarked funds is less than \$25,000.

Rick Elam 896-6506

K. Text of New Proviso with Underline or Entire Existing Proviso Text with Strikeover and Underline

(INSERT PROVISO FROM FY 2012-13 RENUMBERED PROVISO BASE HERE)

V. Proviso Justification Form	Agency Code H73	Agency Name Vocational Rehabilitation Department
-------------------------------	--------------------	---

A. Proviso Number

Using the renumbered 2012-13 proviso base provided on the OSB website indicate the proviso number (*If new indicate "New #1", "New #2", etc.*):

20.6

B. Appropriation

Related budget category, program, or non-recurring request (*Leave blank if not associated with funding priority*):

II. A. Basic Services

C. Agency Interest

Is this proviso agency-specific, a general proviso that affects the agency, or a proviso from another agency's section that has had consequences?

Agency Specific

D. Action

(Indicate Keep, Amend, Delete, or Add):

Keep

E. Title

Descriptive Proviso Title:

Basic Service Program – Educational Scholarships

F. Summary

Summary of Existing or New Proviso:

Proviso stipulates that for eligible agency clients attending state supported institutions (four year, technical or trade schools) tuition costs will be no higher than 1998 rates, will be provided, or will be waived by the respective institution after the utilization of other federal or state student aid available to the student. Student must meet the institution's academic requirements and be eligible for state need-based scholarships.

G. Explanation of Amendment to/or Deletion of Existing Proviso

(If request to delete proviso is due to codification, note the section of the Code of Laws where the language has been codified):

H. Explanation of how this proviso directs the expenditure or appropriation of funds, and why this direction is necessary

This proviso helps assure that South Carolinians with disabilities have an opportunity to acquire a post-secondary education and thereby have a much better chance of competing for employment opportunities. The unemployment rate among people with disabilities is very high. As a result of the availability of post-secondary education, VR clients can bring to the workplace the ability and expertise that propel the best companies to succeed. This, in turn, allows the individual to be a productive participant in the job market and affords them the opportunity to pay taxes, leave the Social Security rolls, and become the independent, self-sufficient citizens they desire to be. The proviso allows the agency to assist more clients in pursuing higher paying employment.

I. Justification

Refer to the instructions for the correct question to answer in this space, based on the action you selected

The proviso has not been codified due to the designation of the 1998 tuition rate as the prevailing rate for reference. It is assumed the reference year could be changed periodically.

J. Fiscal Impact (Include impact on each source of funds – state, federal, and other)

Fiscal impact to State-\$0, Federal-\$ Unable to project, Other- \$0.

Rick Elam 896-6506

K. Text of New Proviso with Underline or Entire Existing Proviso Text with Strikeover and Underline

(INSERT PROVISO FROM FY 2012-13 RENUMBERED PROVISO BASE HERE)