

BRS Responses to SRC-Questions – September 16

**Maine Department of Labor
Bureau of Rehabilitation Services
Division for the Blind and Visually Impaired**

Date: September 16, 2015

Re: Response to the SRC regarding DBVI Financial Concerns

Historical:

Questions:

1. When were issues with budget discovered?
2. How were the budget issues discovered?
3. Can you please give us a timeline of events leading up to the current situation?
4. To what extent has RSA been informed of the DBVI situation?

Response:

Issues with DBVI's budget were discovered in late June when the projections for next year's budget were underway, including calculating how much additional allotment could be requested. At that point, DBVI realized that it would be using up its base federal allotment before the new grant award was expected to be available on October 1st. Historically, DBVI has had sufficient grant funds that were actually carried over into the next federal fiscal year, but this changed sharply as costs rose and funding was cut, including federal sequestration. The availability of re-allotment funds and the state budgeting system made it difficult to identify just how out of synch DBVI's expenditures were. Once DBVI was alerted to this, meetings were held in late July and August with the Commissioner's Office and the Department of Administrative and Financial Services (DAFS) to verify the circumstances and begin to identify corrective actions that could be taken.

RSA has been informed via email and a telephone call with James Billy, DBVI's RSA liaison; DBVI expects to have further discussion with the RSA team in the next few weeks.

Presenting Issue:

Questions:

1. What is the status of the clients who were affected by the FFS provider reduction in July?
2. Have services been restored?

3. What will services look like moving forward, could you speak to the “homemaker” clients and the “competitive” clients?

Response:

DBVI staff have been in touch with the clients and providers who were concerned about service reductions in July. All services that are necessary to achieve Individualized Plans for Employment will be provided.

We will continue to serve clients who have both homemaker and competitive employment goals until the new regulations under WIOA are released. We are hopeful that there will be sufficient time in the new rules to transition individuals from homemaker services if that outcome becomes no longer allowable in the VR program, but services to those individuals is a very big concern in the long term.

Procedural:

Questions:

1. Please explain the role of the various positions in looking at DBVI annual budget:
 - DOL Commissioner
 - BRS Director
 - SIQA Director
 - RSA
 - DOL Finance office
2. Given these recent budget issues what will BRS/DOL be doing differently in the future?

Response:

The DBVI Director works with the DAFS Service Center (finance staff) to develop DBVI’s budget and monitor it on a monthly basis. Through at least quarterly meetings, it is reviewed and overseen by the DOL Commissioner and the BRS Director as the department’s overall state budget management. The DBVI budget is not in the purview of the SIQA Director beyond general attendance at the fiscal review meetings. RSA’s role is to receive and review DBVI fiscal reports twice a year.

It is important to note that, due to turnover, DBVI was without a DAFS Financial Analyst for approximately 12 months out of the last 18 months. Additionally, BRS was without a director for about 8 months in this same period. Getting these positions filled and trained will be critical to get back on track with the monitoring and support that was previously in place. Furthermore, in the past, the general fund and federal fund have been treated

as separate silos; the Service Center will be looking at them as combined available funds going forward.

Re-Allotment:

Questions:

1. How long has the practice of using “re-allotment funds” for case services been practiced by DBVI?
2. What was different in FY 15 which brought the current issues to light?

Response:

Case services and payroll are the two largest line items of the DBVI budget, so re-allotment funds have been used for case services regularly. These funds may be spent on any Title I activity and must be spent within a two-year period. FFY 15 was the first year that DBVI was not able to finish the fiscal year without using re-allotment funding, which brought the issues to light. Those discretionary funds are not ongoing and the amounts may vary; therefore, they need to be dedicated to specific, short-term activities and not operational costs. Making this shift is a priority of the Commissioner’s Office.

Central Office:

Questions:

1. What is timeframe for John McMahon return?
2. Will there be an “Acting Director” appointed?

Response:

We do not have a date for John McMahon’s return. We will be appointing Karen Fraser as Acting Director in the interim.

Consolidation:

Questions:

1. Is DOL in the process of looking at consolidating DBVI and DVR into one DSU?
 - If yes, where is DOL in the process of consolidation?
 - Has RSA been consulted, as of yet, about a consolidated program?
 - What would a consolidated program look like for the current clients of DBVI?

Response:

DOL is not in the process of consolidating DBVI and DVR into one DSU, but DBVI’s serious fiscal issues are prompting that all solutions be considered. Our priority is the direct provision of services to people who are blind and

visually impaired by qualified staff. We are looking for efficiencies, particularly in administrative functions. Should DOL go in the direction of consolidation, RSA will be consulted and proper procedures followed as part of the State Plan and public input.

Contracts:

Questions:

1. Describe how funds are allocated to contracts?
2. How does DBVI determine what funds go to contracted services verses direct case service?
3. Has a cost analysis been done for similar services (i.e. VRT, O&M, etc.) whether the services are being provided under a contract, a fee for service provider, a state employee, or at the Immersion Center, etc.?
 - If available please provide the cost analysis data.

Response:

DBVI follows state purchasing rules and procedures when developing contracts, which begins with a Request for Proposals. The RFP describes the scope of services needed. We need to have statewide coverage for our direct blindness specialty services, so we use both fee-for-service and contracts to achieve this when a state employee is unable to provide what an individual requires. With the establishment of an immersion center in Maine, DBVI will be looking at the costs of services provided there, as well as those through contracts and fee-for-services, to determine what is cost effective, but most importantly what is necessary to meet the needs of individuals who are blind and visually impaired throughout the state. We do know that for those who can participate in the immersion opportunity, the case costs – as compared to attending an out-of-state center – and the case length for rehabilitation – as compared to individually provided services – will be improved.

Questions:

Iris Network: Immersion Center

1. How much money has been contracted to Iris Network for FY 2016?
2. Please provide a breakdown of the Iris Contract for FY 2016?
3. What percent of the contract with Iris is dedicated to the Immersion Center?
4. How many case services dollars were diverted from direct client services to the Immersion Center in FY 2015?
5. How many case services dollars are expected to be diverted from direct client services to the Immersion Center in FY 2016?

Response:

The current contract with the Iris Network is for \$1,489,102 for FY 2016. This contract includes both funding to provide both VR and IL services:

Independent Living Services:

- \$260,856 State Fund
- \$225,000 Federal IL Grant

Vocational Rehabilitation:

- \$241,470 State Funds (VR match)
- \$761,776 Federal VR Grant

No case service dollars were diverted from direct client services to the Immersion Center in FY 2015. The Immersion center construction has been funded by a dedicated grant applied for specifically for this project and that is a pass-through from the Department to the Iris Network. DBVI is anticipating that with a rolling admission schedule that there will be approximately 6 DBVI clients at the Immersion Center at any given time. This is not a “diversion” of case service dollars, but a way to provide direct blindness rehabilitation services in an intensive alternate approach. With the receipt of assistance in a shorter period of time and immediate support upon returning to a person’s local community, we anticipate more rapid attainment of IPE goals and a reduction in recidivism that will ultimately allow DBVI to serve more individuals in the long-term.

Client Choice:

Questions:

1. Does the DSU have concerns that with the budget issues clients are going to be funneled into contracted services and not given a choice of service providers?
2. What processes are in place to assure client choice?

Response:

Informed client choice is the cornerstone of the VR program and DBVI will always adhere to this practice, noting that regulations also require that services be necessary and as cost effective as possible. Due to the unique specialty of blindness rehabilitation services, there is an ongoing challenge to recruit and retain qualified staff, whether employed by DBVI or outside of state government. When available, DBVI will work directly with its clients in the development of IPE’s to become informed of any choices that are possible, and then provide support to make informed decisions, which may include individual participation in the cost of their services as allowed by the regulations.

SRC:

Questions:

1. Why wasn't SRC notified of the current budget issues?
2. As the mandated partner, how do you see DOL/BRS and the SRC moving forward together to resolve these issues?

Response:

It is not known why the SRC wasn't notified of the current budget issues and the Department acknowledges this error. The budgeting system and federal/state process pose challenges in clarifying exactly DBVI's fiscal situation. As DBVI comes to final determination about its fiscal shortfall in FFY 2015 and forward, it will keep the SRC informed and seek input regarding DBVI's responsibilities in serving individuals who are blind and visually impaired in Maine. Specifically, the SRC plays an important role in developing DBVI's State Plan, evaluating the effectiveness of the VR program, gathering public input and advising the agency. DBVI will work with the SRC to improve the data provided at SRC meetings and seek SRC representatives to participate in DBVI initiatives that are undertaken to improve services.