



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

October 15, 2013

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 274: Vocational Rehabilitation Services

Senate Bill 274 was introduced on August 29, 2013, and was referred to the Assembly Committee on Workforce Development, Forestry, Mining, and Revenue. On October 9, 2013, the bill was withdrawn from that Committee and rereferred to the Committee on Economic Development and Local Government. The Committee on Economic Development and Local Government recommended the bill for passage on a vote of 5 to 0 on October 11, 2013.

BACKGROUND

The Division of Vocational Rehabilitation (DVR) within the Department of Workforce Development (DWD) is required to advise and assist any individual who applies to DVR for vocational rehabilitation services. Staff counselors arrange evaluations of applicants to determine eligibility and subsequent services for those deemed eligible. The primary source of revenue for DVR rehabilitation services is federal Title I-B funds. Each year, the federal government allocates a certain amount of funds to each state. A match of 21.3% state funds to 78.7% federal funds is required to receive federal monies. DVR uses GPR case service and administrative funds, as well as some program revenues, to provide this match. The primary source of program revenue is a charge imposed on the net proceeds of businesses operating in the supervised business enterprise program for the blind and visually impaired.

The amount of Title I-B funds that may be drawn down with state matching funds is capped at a certain amount, annually, for each state. The overall Title I-B allocation is generally authorized an annual increase in funding equal to the percentage change in the consumer price index. Federal funds are then allocated among states based on a formula which is, in part, population based. DWD recently reestimated the amount of federal grants available to Wisconsin at \$63,440,700 for 2013-14 and \$64,836,300 for 2014-15. It should be noted that these estimates are higher than the estimates that were presented to the Joint Committee on Finance during deliberation of 2013 Wisconsin Act 20. At that time, federal DVR funds were estimated at

\$62,396,100 in 2013-14 and \$64,592,400 in 2014-15.

Federal law generally requires each state participating in the DVR program to meet a maintenance-of-effort (MOE) level of funding. To meet the MOE requirement, the state must provide matching funds equal to the amount that the state provided two federal fiscal years prior. If the MOE requirement is not satisfied, the state may be subject to federal penalties and Title I-B reductions. The state has provided matching funds at a level needed to meet the MOE requirement in each year since 2009-10.

Under 2013 Wisconsin Act 20, total state matching funds of \$15,061,200 (\$14,912,100 GPR and \$149,100 PR) in 2013-14 and \$15,451,100 (\$15,302,000 GPR and \$149,100 PR) in 2014-15 were provided to meet the federal MOE requirement. Under the Act 20 level of state funding, it is estimated that the state will draw down FED of \$55,648,700 in 2013-14 and \$57,089,300 FED in 2014-15.

SUMMARY AND FISCAL EFFECT OF SB 274

SB 274 would provide additional state matching funds of \$1,826,200 GPR in 2013-14 and \$2,030,700 GPR in 2014-15 for the vocational rehabilitation program. The additional state matching funds are estimated to draw down additional federal matching funds of \$6,747,400 FED in 2013-14 and \$7,503,100 FED in 2014-15 to support the vocational rehabilitation program.

Under the bill, additional position authority of 1.92 GPR and 7.08 FED positions would be provided to DVR in 2013-14 and 2014-15. According to DWD, the nine positions would be for additional staff counselors to assist the additional DVR consumers who could be served under this bill.

The GPR revenue provided under SB 274 reflects the additional amount of state matching funds that had been estimated to draw down the total amount of estimated federal funds under Act 20. As noted, DWD has reestimated the amount of federal funding available to Wisconsin. Under the new estimates, as compared to the amount of state matching funds provided under SB 274, an additional \$1,044,600 FED in 2013-14 and \$243,900 FED in 2014-15 could be available to Wisconsin if additional matching funds of \$282,700 GPR in 2013-14 and \$66,000 GPR in 2014-15 were provided for the vocational rehabilitation program.

Prepared by: Sean Moran