

VRS Extended Employment Rule Revision Advisory Committee

SESSION NOTES for March 17, 2015

Convened by Minnesota DEED Vocational Rehabilitation Services

Meeting Details

Date: Tuesday, March 17, 2015

Time: 10:30 am – 3:00pm

Location: ProAct, Eagan, MN 55121

Chair: John Sherman, VRS Extended Employment Program Director

Facilitator: Holly Johnson, Lanterna Consulting, Inc. contracted through Management Analysis & Development, Minnesota Management and Budget

Advisory members (or alternates) in attendance: *Jeff Bangsberg, Laura Bealey, Tim Dickie, Steve Ditschler, Anita Kavitz, Jeremy Gurney, Nancy Huizenga, Holly Johnson, Karen Johnston, Wendy Keller, Don Lavin, Clayton Liend, Rod Pederson, and John Sherman*

Guests: *Leann Kleaver, VRS Counselor*

Key Perspectives for EE Rule Revision Work

Throughout the process, advisory members are asked to keep a system wide view for the EE Rule Revision topic discussions. The five key perspectives are summarized as:

1. **Advocacy Organizations**
2. **Public Partners**
 - Local level - counties, municipalities, etc. e.g. Ramsey County
 - State level - agencies, etc. e.g. Department of Human Services (DHS), Minnesota Olmstead Plan
 - Federal level
3. **Extended Employment (EE) Providers**
4. **EE Workers**
 - Currently working
 - Eligible but not currently working
5. **VRS - EE Rule 'Owner' and Accountable Agency**
 - VRS EE team: John Sherman, Anita Kavitz and Wendy Keller
 - Other DEED and VRS staff

Welcome and Opening Remarks

The meeting was called to order. John Sherman welcomed Wendy Keller's return to work on a part time basis as she continues health recovery. The facilitator Holly Johnson provided a brief overview of the meeting objectives and agenda.

Advisory Session Objectives:

1. Working session focused on rates and capping for Community Employment as part of a new EE program funding model.
2. Gather key stakeholder perspectives and input to assist Minnesota DEED Vocational Rehabilitation Services in the EE Rule Revision process.
3. Continued exploration and discussion related to ADA, Olmstead and the Workforce Innovation and Opportunity Act (WIOA) and their combined implications for Minnesota's Extended Employment Rule revision.

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Follow-up and Updates since the February 2015 Meeting

John Sherman noted that there has been a flurry of activity with draft EE policy work as the legislative process ramps up in Minnesota. Karen Johnston then provided an update on Minnesota Organization of Habilitation and Rehabilitation (MOHR) activities related to the draft policy bill. MOHR held a conference call with their constituents to review the draft policy bill.

Conversations between MOHR representatives Steve Ditschler and Shep Harris, DEED Vocational Rehabilitation Services Director Kim Peck, DEED Extended Employment Program Director John Sherman resulted in some changes to the draft bill.

John distributed a one page summary 'NOTES on SF1533 DEED Policy Bill' summarizing the discussion outcome. MOHR was supportive or largely supportive of SF1533 DEED Policy Bill for most sections with discussion focused on changes to Sections 9 and 15. MOHR is also fine with the Courage Kenny update change and has adjusted the effective date from August 1 to July 1 per last session's discussion of timing issues.

Karen Johnston testified in the Minnesota Senate on behalf of the bill as amended and expressed appreciation to the accountable state agency DEED for the spirit of transparency and collaboration in the work of the VRS Extended Employment Rule Advisory Committee (EERAC).

MOHR's representatives on the VRS Extended Employment Rule Advisory Committee are: Laura Bealey, Tim Dickie, Steve Ditschler, Nancy Huizenga, Karen Johnston, Clayton Liend and Rod Pederson. Clayton Liend has continued to proactively share EERAC updates with MOHR for several months however feedback has been minimal until the draft policy bill was released. MOHR also engaged their legislative lobbyist Shep Harris to review Senator John A. Hoffman's bill.

Karen said that despite concerted communication efforts, there is still some confusion on how the EE Rule Advisory Committee body's MOHR representative members relate to MOHR as an organization of over 100 members. While representative members were selected by MOHR for the EE Rule Advisory Committee, Karen stated that does not necessarily mean that all constituents of MOHR are in full agreement of the MOHR representatives' perspectives on the EE Rule Advisory's collective work.

Karen reminded the advisory that MOHR representatives do not control what individual members of MOHR choose to do independently. She stated that MOHR representatives do their best to represent the broad interests of their diverse membership which provides a wide range of services for people with disabilities across the state. Other MOHR representatives on the EE Rule Advisory noted their appreciation and agreement for the challenges in assisting with continuing to bring the EE Rule revision work forward in the context of such a large number of EE provider organizations and interests.

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John Sherman noted that the amended SF1533 DEED policy bill was on the floor yesterday. There will be a House hearing not later than March 27. After the hearing, the bill will be sent to committee. Next John reviewed the amended draft policy bill language and noted updates from the initial draft policy bill language shared with the advisory at the February 24th EE Rule Advisory working session.

Jeff Bangsberg asked if there was a fiscal note associated with the bill. John replied that there is some gray to that answer as there are two new requests that entail funding:

1. Senator John Hoffman's bill includes a request for \$10M to go to DEED to work with DTHs on transition and technical assistance.
2. MOHR has asked for a \$12M appropriation with \$2M for rates increase and \$10M for transition technical assistance.

The Department of Employment and Economic Development (DEED) budget request in the Governor's budget maintains the amounts that were in the previous budget. John said he will continue to provide updates on the legislative process to the advisory as the session continues.

Community Employment within the Extended Employment Program

John distributed a presentation entitled 'Community Employment: Working Discussion on Funding Community Employment' and began the working session with an overview of anticipated topics:

1. Continuing discussion of assumptions about community employment
2. Change in numbers of EE workers by sub-program (those entering; those leaving)
3. Discussion of capping
4. Discussion of rates

He outlined the following assumptions about Community Employment to be discussed/tested:

1. Some community employment is valuable in providing transition to supported employment
2. Community employment provides opportunities to work in integrated settings
3. Community employment provides a chance for employers to get over initial reluctance in hiring persons with disabilities
4. Community employment offers employment where competitive jobs are scarce
5. Community employment allows individuals to earn based on productivity

John provided a summary of data and trends on changes by program during the period of 2000 through 2014. Over the period, new entrants to both Community Employment (CE) and Center Based Employment (CBE) have both seen steady declines while Supported Employment (SE) was largely unchanged until a noticeable uptick in new

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entrants in 2013-2014. John also reviewed data for workers leaving each program and the EE Rule Advisory discussed various theories on factors impacting the trends.

In 2014, funding was distributed by sub-program in the following percentages:

- 19% Center Based Employment (CBE)
- 22% Community Employment (CE)
- 59% Supported Employment (SE)

John asked the advisory to consider the following questions for the capping discussion for Community Employment:

- a. How do we set a starting point for community employment?
- b. What is the current share of competitive and non -competitive funds?
- c. Where should community employment be capped?
- d. Can Center Based funds be moved to Community Employment?
- e. How quickly should reductions (if any) be taken in community employment to reach target ?
- f. Voluntary reductions versus forced?

For the remainder of the afternoon the advisory discussed various considerations and options for Community Employment rates and capping mechanisms. A summary conclusion of the discussion is recapped in the next section of these notes.

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Recap of Advisory Committee Consensus and Key Points

As the working session was drawing to a close, VRS Senior Rehabilitation Specialist for the Extended Employment Program Anita Kavitz offered a potential Community Employment recommendations framework. The advisory immediately responded positively to the offered approach and after brief discussion quickly coalesced as a group on the following:

*** EE Advisory Committee: 11 Recommendations as it relates to Community Employment for the Extended Employment Funding model:**

1. Non-competitive (NC) dollars continue. Initially $NC=CE+CBE$; after five year period NC dollars = CE funding. CBE is no longer funded in EE.
2. NC rates remain effective June 30th of year prior to effective date (no increases)
3. CBE decreases and is eliminated over five years beginning July 1st rule effective date.
4. CBE Phase Out Schedule: A graduated increase in the required statewide target for each year. For CBE:
 - Year 1- 10%, 90% remaining
 - Year 2- 15%, 75% remaining
 - Year 3- 20%, 55 % remaining
 - Year 4- 25%, 30 % remaining
 - Year 5- 30%, 0% remaining
5. All underproduction will go to SE funding.
6. Dollars phased out of CBE will be moved to CE unless voluntarily shifted to SE.
7. Providers have the ability to shift any CBE dollars into CE/SE at any time
8. Growth in dollars and/or rates only occurs in SE
9. 2.5% option disappears – no underproduction help for overproduction
10. 5% option disappears – no grace on CBE or CE; 100% of remainder goes to SE
11. Competitive Employment (SE) fund increases through:
 - Voluntary provider shifts
 - Unearned NC funds
 - Increased funding dollars and/or rates

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Wrap Up

In conclusion, John thanked the advisory committee for all their work and said he and Anita will move forward with the inputs provided to further develop draft models for the next meeting on April 21st.

Additional discussion is anticipated for the topics of overproduction, wage incentive, unmet needs and new providers. The committee will also talk further about potential incentives to assist in the transition and transformation of the program in alignment with Olmstead, Minnesota's Employment First Policy and the new Workforce Innovation and Opportunity Act (WIOA).

Next Steps:

1. John will send an electronic copy of the amended draft statute language to the advisory committee.
2. The advisory agreed to continue proactive sharing and cascading of the work of the VRS EE Rule Revision Advisory Committee with other EE system members notably the membership of Minnesota Organization for Habilitation and Rehabilitation (MOHR) for the benefit of input and support for the revision.
3. The next advisory committee meetings will be as follows:
 - a. **Tuesday, April 21st**, 10:30am to 3:00pm
 - b. **Wednesday, May 6th**, 10:30am to 3:00pm
 - c. Hosted at Proact, 3195 Neil Armstrong Blvd, Eagan, MN 55121.

Meeting Adjourned

The meeting was adjourned at 3:00pm.