



February 24, 2009

1. How will you implement the Governor's proposed FY 2010 reduction to your programs?

Will you decrease particular services, offer fewer programs, reduce staff time on a particular program, furlough or layoff staff, or take some other measures in response to the reduction?

For SFY 2010, the I67 (Vocational Rehabilitation) budget will be reduced by \$365,567. This follows an already-implemented reduction of \$209,016 (\$87,497 – ATB and \$121,519 - Gov Rec Deapp) during SFY 2009. In SFY 2009, IVRS reduced expenditures in the following areas:

- Unfilled vacancies;
- Out-of-state travel;
- In-state travel;
- Office supplies and equipment.

In SFY 2010, the I67 budget is projected to be reduced by \$365,567. IVRS *anticipates being able to earn all available federal dollars through FFY 2009 (9/09)*. That will be earned through:

- Identifying unused non-federal dollars available for match;
- Seeking out any potential allowable 3rd party cooperative agreements;
- Use of federal American Recovery and Reinvestment Act dollars, as allowed.

In FFY 2010 (9 months of SFY 2010), IVRS *anticipates a match deficit* due to the reduction of state appropriations and federal interpretation of allowable 3rd party cooperative agreements. IVRS will manage the loss of state appropriations and allowable 3rd party cooperative agreements through:

- Seeking out any potential allowable 3rd party cooperative agreements;
- Use of federal American Recovery and Reinvestment Act dollars, as allowed.

With the above stated, IVRS intends to be able to avoid any reduction of force or elimination of programs related to the I67 appropriation through SFY 2010.

The concerns for the I67 appropriation extend beyond SFY 2010:

- We expect a match deficit beyond SFY 2010 due to decreased state appropriation and IVRS' history of dependency on 3rd party cooperative agreements.
- Maintenance of Effort (MOE) regulations require the state to spend at least as much on the program as was spent 2 years prior. The penalty is dollar for dollar; if MOE deficit is \$400,000, the federal allocation will be reduced 400,000.

When IVRS finds its ability to serve all consumers is at capacity, the following actions will be implemented:

- First, place consumers on waiting lists prior to placing them into services;
- Second, reduce IVRS staff as consumer caseloads drop.

2. What five programs, services, or functions would you want to spare from reduction, in part or total, if possible?

- Appropriation I67- Vocational Rehabilitation Basic Support (21.3% State – 78.7% Federal).
- Appropriation I68 – Independent Living (10% State – 90% Federal).

Both I67 and I68 are used as match for the two federal programs administered by IVRS. As indicated above, we anticipate a match deficit for the Vocational Rehabilitation program beginning in the second quarter of SFY 2010.

3. What three to five programs, services, or functions could be reduced or eliminated with the least impact to recipients and/or the Department?

The following programs are small programs, but no less important. Both of these appropriations were initially proposed by outside organizations. IVRS supports their goals.

- Appropriation I92 – Independent Living Center Grants (does not currently match Federal funds).
- Appropriation I80 – Entrepreneurs with Disabilities (matches same program as I67 appropriations).

4. How will the economic downturn affect your services and the cost to provide those services?

Job losses hit persons with disabilities particularly hard. The unemployment rate for persons with disabilities is twice that of the general population. Job cuts across Iowa will likely affect the Community Rehabilitation Programs (CRPs), meaning IVRS will have fewer external resources from which to provide services for clients.

What are the key factors?

The cost to provide post-secondary education consumes about 60% of case service costs. The cost to provide assistive technology consumes about 14% of all case service costs. The cost of CRP services consumes nearly 10% of case service costs.

What are the trends?

The percentage of persons with significant disabilities achieving employment outcomes as a result of IVRS' services continue to climb. Cost of prosthetic appliances, hearing aids, vehicle modifications and other types of "assistive technology" has risen faster than the rate of inflation for several years. The cost of post-secondary education has also risen faster than the inflation rate. These trends are expected to continue.