

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department on Disability Services



Fiscal Year 2016 Budget Oversight Hearing

Testimony of
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Before the

Committee on Health and Human Services

Council of the District of Columbia

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Good morning Chairperson Alexander, members and staff of the Committee. I am Laura Nuss the Director of the Department on Disability Services (DDS). I am pleased to testify before you today on Mayor Bowser's Fiscal Year 2016 Budget, entitled "Pathways to the Middle Class". As Mayor Bowser recently testified before the Council, each agency plays a critical part in ensuring that District residents in all 8 Wards have the education, economic opportunity, public safety, neighborhoods, environment, and infrastructure they need to reach the middle class. Mayor Bowser's Fiscal Year 2016 Budget submission will ensure that our agency and the entire government have the necessary staff and resources to help meet these ambitious goals.

This budget is the product of an unprecedented amount of outreach. The Mayor held three budget engagement forums that were attended by hundreds of residents that described how they would allocate an imaginary \$100 towards key issues facing the District. The Mayor's budget staff also met with Councilmembers and their staff to incorporate their priorities in the budget. Finally, the Mayor and her senior leadership met with numerous community groups as part of the development of this budget. All of this work on the front end gave us a much better budget as a result and we will continue that kind of outreach, transparency, and accountability—including these hearings led by the Council—to fine tune and implement the Fiscal Year 2016 budget.

I am pleased to report that the Mayor's budget for DDS demonstrates her leadership and commitment to ensure that all District residents have a pathway to the middle class, including those residents with disabilities. There are an estimated 40,000 working age people with disabilities in the District, only 34% of who are employed. This leaves over 25,000 District residents with disabilities out of the labor market, resulting in a poverty rate for people with disabilities of 37% – almost 10% higher than the national average.

My remarks today will describe the budget development for FY 2016 that utilized effective cost savings, judicious reductions, and revenue enhancement to make key investments to support youth and adults with disabilities served by the Rehabilitation Services Administration (RSA) and the Developmental Disabilities Administration (DDA). I will conclude my testimony highlighting significant policy and systems change initiatives that align with our budget priorities.

DDS Budget Development Process

The Mayor first relied upon DDS's current budget of \$158.05 million to set the base funding level in FY 2016. DDS then derived an initial Continuing Services Funding Level (CSFL) estimate of \$162.87 million for FY 2016, by applying inflation factors for employee salaries and fringe benefits, current contracts, and anticipated growth in Medicaid direct services and residential supports. DDS then strategically planned reductions to the CSFL to include an initial round of internal policy decisions to make strategic reductions in external consultants, one-time expenditures, savings generated by leveraging additional Medicaid waiver authority, bringing the Special Purpose Revenue authority in line with actual collections in the RSA Randolph Sheppard Program, and increasing Special Purpose Revenue in DDA. By doing so, DDS was able to propose an initial CSFL that addressed the cost of providing the same substantive consumer services in FY 2016 that were funded in FY 2015 without any increase in local funding at a total estimated cost of \$161.05 million.

The most significant increases from the FY2015 base budget was a 3.28 percent increase to fund direct services for people anticipated to be enrolled in the Intellectual and Developmental Disabilities (IDD) Home and Community Based Services (HCBS) waiver program at the conclusion of FY2015, which totals \$1.9 million in local funding for the Medicaid match, and

\$1.6 million, which reflects the anticipated CPI increase for locally funded room and board, services for non-Medicaid eligible persons receiving Developmental Disabilities Administration (DDA) supports, and funding for approximately 20 – 25 additional persons to receive room and board support under the IDD HCBS waiver program. The Mayor authorized this strategy to ensure services remained available for persons with intellectual and developmental disabilities at a high quality while holding local funding levels flat.

DDS Budget Enhancement

The Mayor's budget for the Rehabilitation Services Administration (RSA) includes a proposed \$1.75 million increase in local funding to respond to *new* requirements found in the Workforce Improvements and Opportunities Act (WIOA) passed in 2014, and to the consistently increasing number of people with disabilities who seek vocational rehabilitation services year over year. Specifically, WIOA places a new requirement on the states and the District to reserve 15 percent of its entire federal grant to be spent on services to youth with disabilities who are currently in high school. In FY 2014, RSA expended approximately \$500,000 on youth in this category and fully expended the remainder of its allocated budget on services to youth and adults who were not enrolled in high school. This budget enhancement will permit RSA to meet the WIOA requirements to dedicate \$2 million dollars to youth in high school to prepare them for employment through the delivery of career counseling, career exploration, soft skill employment readiness, self-advocacy, paid work experiences, and internships that will significantly increase the skills and knowledge of youth with disabilities to be prepared to enter the workforce post high school graduation. The additional \$250,000 of the enhancement will be dedicated to the anticipated growth in the overall numbers of people seeking services, which has increased by 25 percent in FY 2014. Without this enhancement, RSA will need to immediately institute a

waiting list through the implementation of the Order of Selection policy to ensure we can meet current obligations as prescribed in authorized Individual Plans for Employment and also meet the new federal requirement to direct grant funds to a previously unserved group of youth with disabilities.

RSA Proposed Budget

The portion of the RSA budget comprised of federal grant funds remains unchanged at \$13.4 million and the total proposed budget for FY 2016 is \$22.7 million. The proposed budget reflects a budgeted reduction of \$1.9 million in Special Purpose Revenue funds to align with actual revenue collected under the Randolph Sheppard Vendor Program. This does not reflect a reduction in services or fiscal effort by the District or from federal grant funds. It does explain, however, why with an enhancement of \$1.75 million, the total RSA proposed budget for FY 2016 has been reduced by \$144,380. The Randolph Sheppard Program represents \$2.3 million in direct services, and Vocational Rehabilitation (VR) and independent living services represents \$8.9 million in direct services as proposed.

The RSA budget also continues to fund 114 FTEs, and VR counselors are now working at 35 different community locations across the District to ensure our outreach is effective and coordinated with other public and private partners. We have doubled the number of staff dedicated to transition services while remaining within current FTE counts. We have transition specialists assigned to every traditional public, public charter, and private school educating District residents to increase effective planning for post-secondary success for youth with disabilities that will start young people on the right path to employment and careers of their choosing. DDS continues to work closely with our State Rehabilitation Services Council to evaluate the effectiveness of our services, vendors, and policies to ensure we are delivering the

most cost-effective services that in turn result in meaningful and measureable outcomes, and I expect further work to be done in this regard.

Finally, RSA and its District partners are well on the way to ensure we are effective, efficient, accountable, and transparent in the coordination of services to youth and adults in transition and workforce development across the District. RSA has Memorandums of Agreement in place with the District of Columbia Public Schools, Office of the State Superintendent (OSSE), Department of Employment Services (DOES), Children and Family Services Administration, and Department of Youth Rehabilitative Services and braids funding with the Department of Behavioral Health to ensure we have coordinated services that are responsive and accessible for youth and adults with disabilities. RSA is in the process of developing new agreements with the Public Charter School Board and is revising its agreements with DOES and OSSE in order to ensure better coordination of services for youth in Public Charter Schools and through the American Job Centers. The WIOA requires the District to create a new Unified State Plan with all workforce development partners, including RSA, that will ensure broad stakeholder involvement, the development of common performance measures, coordinated planning between agencies with the vendor community and sufficient provider capacity to meet workforce development needs.

DDA Proposed Budget

In FY 2015, the local funding match for the IDD HCBS waiver program was transferred to the DDS budget. As noted earlier in my testimony, in FY 2016 the proposed budget increases the local match amount by \$1.9 million (3.28 percent) to account for the anticipated growth in the program, representing the annualized costs for persons entering the IDD waiver program in FY 2015, slight changes in utilization reflecting increased use of supported employment;

inclusive, community integrated services and an anticipated increase in rates of 2.3% to keep pace with inflation of the DC Living Wage for services. This represents services for 1,692 people with intellectual and developmental disabilities and their families and 52% (\$59.8 million) of the total DDA budget. The \$1.6 million proposed increase to cover cost increases in residential room and board and non-Medicaid covered services is reflected in the remainder of the DDA direct service budget, which in total accounts for \$96 million of the \$114.47 million total budget for DDA. As noted earlier in my testimony, these increases have been offset by budgeted increases in revenue from Special Purpose Revenue of \$1.7 million and \$1.6 million from Medicaid administration.

DDS has worked collaboratively with the Department of Health Care Finance (DHCF) to submit a waiver amendment that is pending with Center for Medicare & Medicaid Services (CMS) that would ensure we fully maximize local funds currently used to support nursing in day services, increase opportunities for community integration, meaningful days, and employment for people with disabilities, provide for more individualized integrated approaches of the provision of support to people, and attract new clinicians to the waiver program. With the approval of the Mayor's proposed budget for DDS, we will seek to submit a second amendment to CMS to add up to 30 additional slots in the IDD HCBS waiver to ensure we maintain adequate capacity to serve *Evans* class members, youth aging out of CFSA, and adults living with aging caregivers who seek home and community-based services.

DDS is also working closely with our stakeholders to achieve compliance with the new federal requirements for Medicaid home and community-based waiver settings. CMS issued a final rule that contains a new, outcome-oriented definition of home and community-based services settings aimed at ensuring that people receive waiver services in settings that are

integrated and support full access to the greater community just like you and I do. CMS has given states until March 2019 to reach compliance with the new rule and DDS has submitted a Transition Plan to CMS that details our plans to assess our service delivery system and make changes as needed to reach full compliance. Our Employment First and provider transformation initiatives all support this effort.

In recognition of DDS's many systems change efforts to support Employment First principles in the District, I was recently selected as one of nine state leaders for the Office of Disability Employment Program's 2015 Employment First State Ambassadors Network. The Ambassadors Network provides peer-to-peer mentoring support to state leaders implementing Employment First.

DDS's Employment First efforts will be critical to our continued progress in the *Evans* litigation, and in particular, with ensuring that class-members are supported in the most integrated settings appropriate to meet their needs. Both DDA and RSA are working together to support class members and all persons with disabilities to achieve meaningful progress and outcomes on his or her path to employment and ultimately economic self-sufficiency. I am pleased to report that DDA has now achieved compliance with 64 of the 70 exit criteria in this longstanding litigation, and I have committed to the Mayor that DDS will finish this case in FY2016 with her clear support as evidenced by this budget. What criteria remains are not trivial requirements easily met, but I am confident based on the progress we have achieved hand-in-hand with our provider network thus far, and this budget, we have what it takes to exit the case.

Follow-up from our Performance Hearing

A few issues were raised at the agency's performance oversight hearing for which follow-up was requested. I provided written responses to the Committee's questions on March

10, 2015. Some of the questions received were about specific cases which cannot be discussed without written permission from the person DDS supports. However, some areas where improvement to our systems could occur were identified and changes were made to better align our services and improve outcomes for the people we serve.

Regarding appeals of RSA eligibility determinations, the agency met with Principal Administrative Law Judge Elizabeth Figueroa, the presiding judge in the Office of Administrative Hearings (OAH) for vocational rehabilitation matters. We had generalized discussions about the pending appeals before OAH and provided language to amend OAH regulations to include specific timeframes for scheduling and deciding VR matters.

To address the issue raised around coordinating of services and referrals between RSA and KIPP-DC, a memorandum of agreement was finalized in April, 2015 between RSA and KIPP to effectively coordinate services for all students at KIPP who are eligible for VR services. My management team and I take feedback from the community very seriously and work to improve the agency's performance to better serve District residents.

Also, let me note that DDS is the agency host for the Disability Determination Division which is the DC office for the Social Security Administration's review and determination of disability claims. This operation is 100% federally funded.

Conclusion

The resources allocated to the agency in the Mayor's proposed Fiscal Year 2016 budget will be critical in achieving our mission, ensure we remain among the nation's leaders in advancing best practice in employment and person-centered thinking, and helping to grow and preserve the middle class. The Council and this Committee, led by you Chairperson Alexander,

have been key allies in this effort and I appreciate your continued efforts to ensure we operate efficiently and effectively.

Thank you for the opportunity to testify today and I look forward to answering any questions the Committee may have.