

# VRS + CRP Forum

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**February 4, 2025**

# VRS Budget Overview

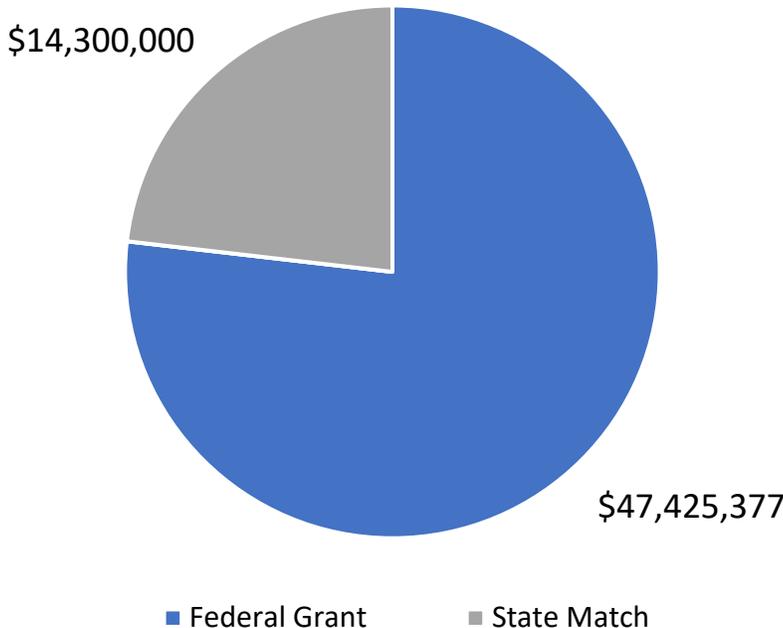
## Funding Challenges:

- The impact of the pandemic continues to cause funding challenges
- Surplus Funds from FFY 2021-2023 were invested into participants, VRS staff, technologies and Community Partners
- Demand for services, both Pre-ETS and adults, remains high
- We are serving more students and adults than we have in the past several years
- **Flat funding:**
  - Flat Federal funding - no cost-of-living adjustment (COLA) increase since FFY 23 (October 1, 2022)
  - State match funding remains flat since 2017
  - Limited reallocation funds are likely as all VR programs nationally struggle with budget demands
- All costs have greatly increased including operations, staffing, case services

# VRS Budget Forecasting

VRS has been closely reviewing our Basic Federal Award and State Match Funding for the current year and forecasting out FFY25 through FFY30.

Estimated State and Federal Funding for FFY25



# VRS Budget Projection

Total VRS Funding is projected to remain flat

- FFY23-25 Federal Award remains at \$47.4M
- FFY25 No projected COLA increase
- FFY25 Uncertain if Reallotment will be available in September 2025
- FFY26 No projected COLA increase, uncertain on Reallotment

\*Reallotment funds are Federal funds that may be available if there are unspent funds from other state VR programs\*

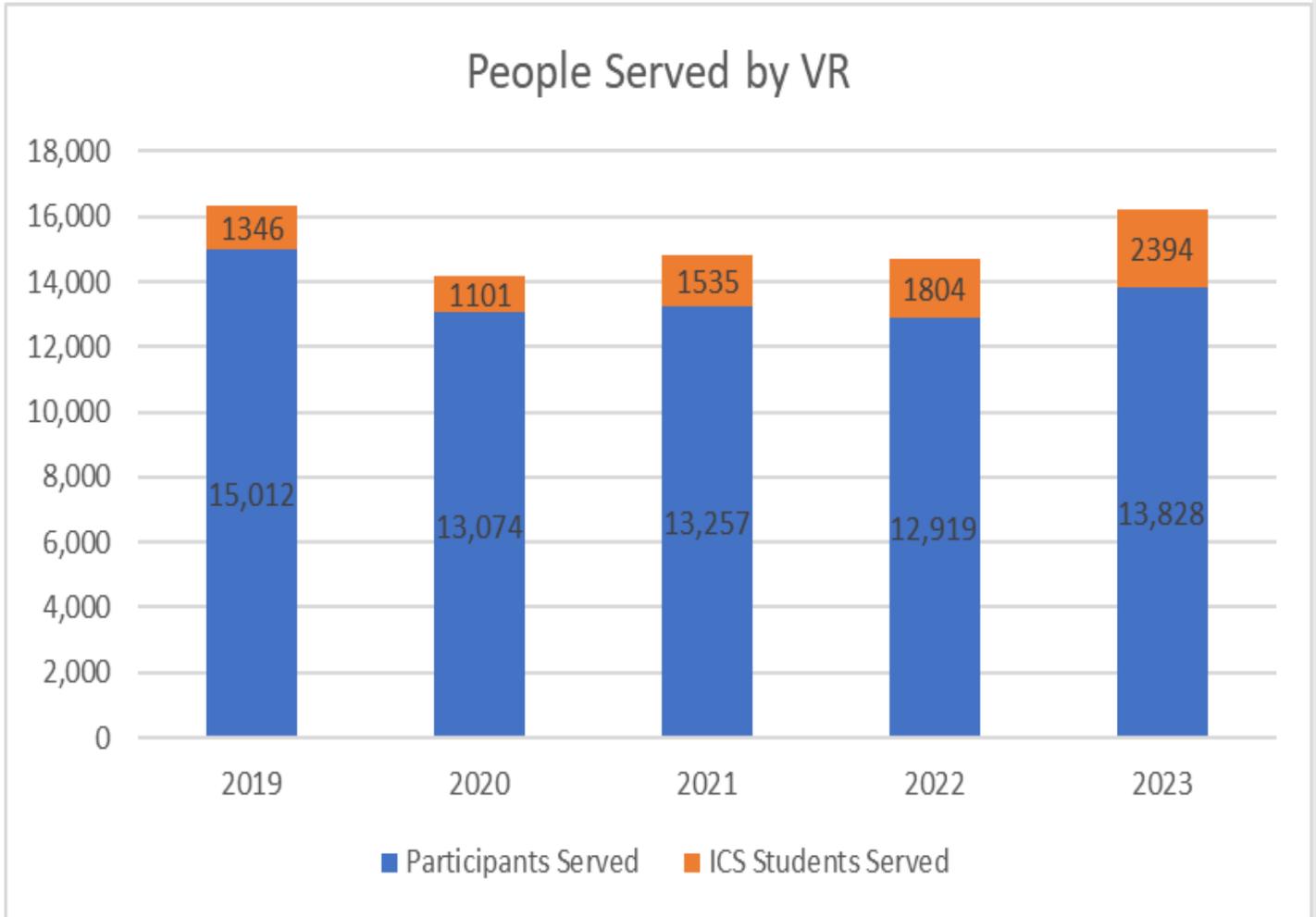
# VRS Budget

Listed below is the available federal funding since 2020 with estimates for FFY2025 and FFY2026

Federal Fiscal Year	Federal Grant Award	Reallotment	State Match	Available State & Federal Funding
2020	\$42.5M	\$2.1M	\$14.3M	\$58.8M
2021	\$43.3M	\$4.0M	\$14.3M	\$61.6M
2022	\$44.6M	\$8.2M	\$14.3M	\$67.1M
2023	\$47.4M	\$0	\$14.3M	\$61.7M
2024	\$47.4M	\$5.4M	\$14.3M	\$67.1M
2025 <i>Estimated</i>	\$47.4M	<i>unknown</i>	\$14.3M	\$61.7M
2026 <i>Estimated</i>	\$47.4M	<i>unknown</i>	\$14.3M	\$61.7M

# VRS Caseload Participants and Introductory Career Services (ICS) Students

The number of people served has increased by 2,000 from Program Year 2020.

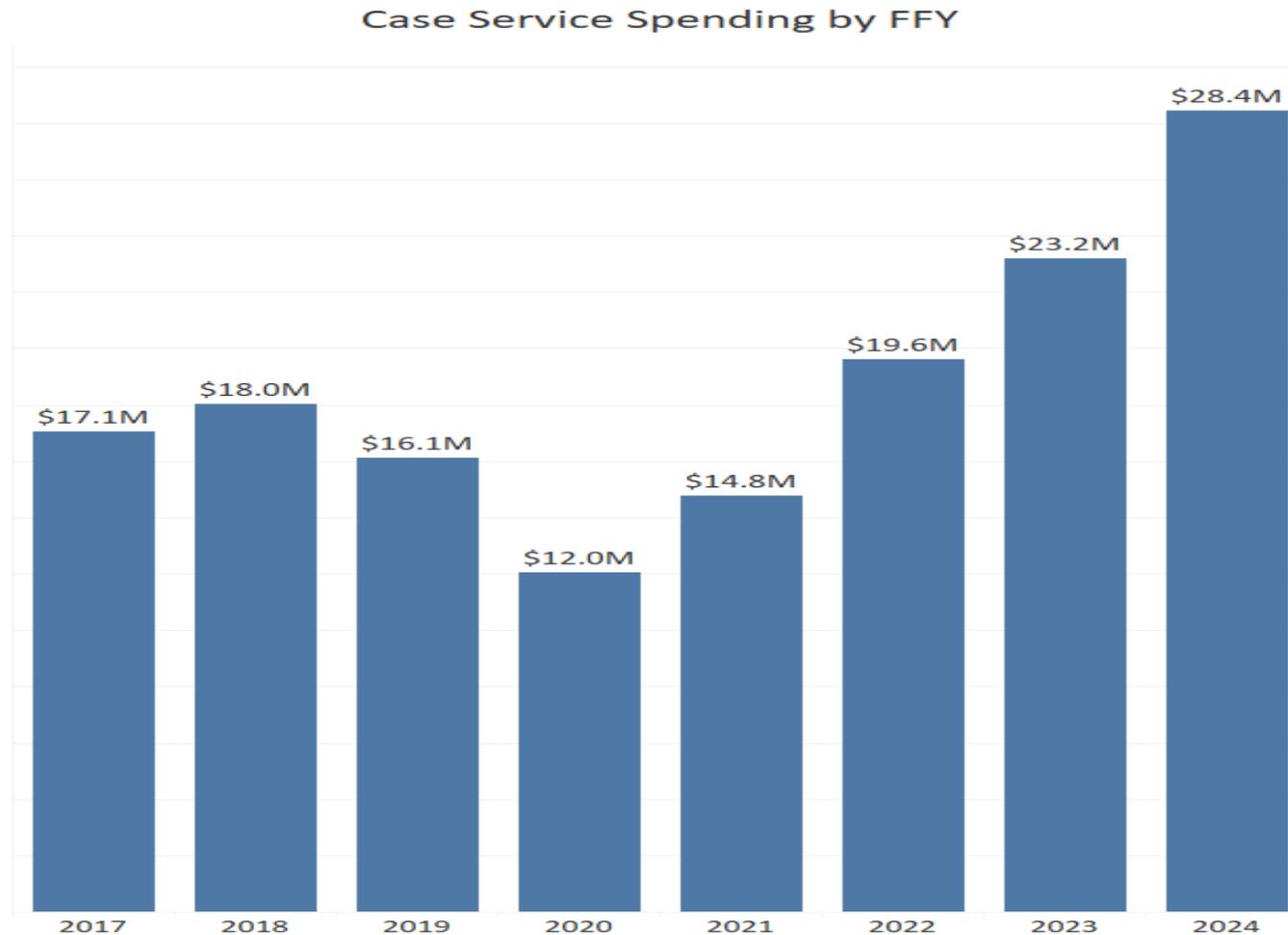


# VRS Case Service Expenditures

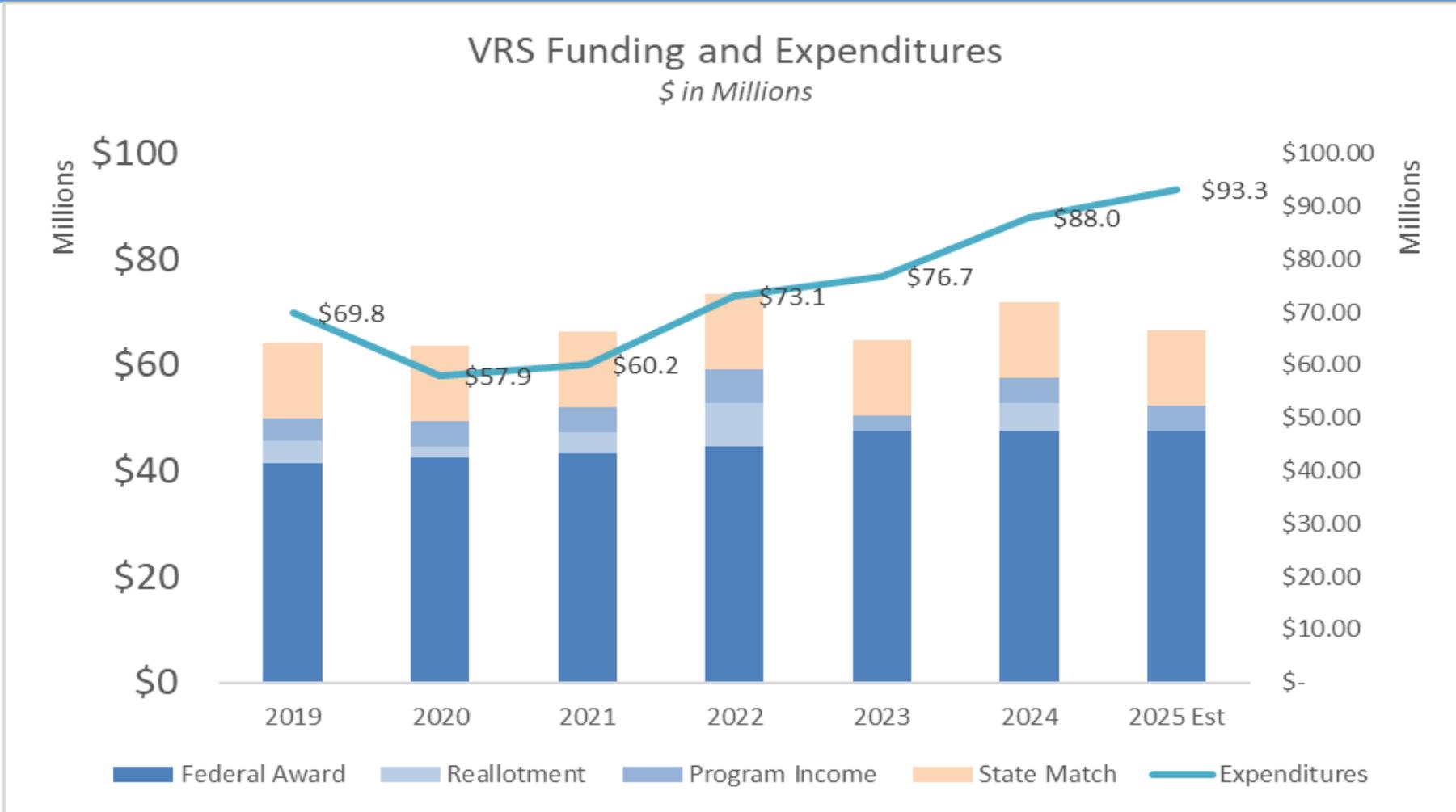
Case service spending has increased from **\$17.1M** in 2017 to **\$28.4M** in the most recent year, 2024.

Examples of case services include:

- Job placement and job coaching services provided by a community partner
- Pre-ETS services provided by a community partner
- Training and tuition



# Projected Costs Exceed Available Funding *IF NO CHANGES WERE MADE*



# Cost saving actions

- Close Priority Categories 2-4
- Closely monitor and review funded services: internal controls and monthly authorizations
- Continued VRS Hiring Freeze (since September of 2024)
- Decrease internal operations costs
- Utilize internal VRS Pre-ETS and Placement staff to provide direct services as feasible
- Workforce Planning

# Fiscal Responsibilities

- All vocational rehabilitation services **must** be provided in the most cost-effective manner possible, consistent with the individual's needs and informed choice.
- Per federal regulations (2 CFR, part 200), VRS staff must determine if a cost is:
  - Allocable
  - Allowable
  - Reasonable
  - Necessary
- This responsibility may not be delegated to other entities.

- Informed Choice is a voluntary, well-considered decision an individual makes based on options, information, and understanding.
- To ensure that recipients of vocational rehabilitation services have the information needed to make informed decisions that will lead to success in their rehabilitation plans, VRS staff must work as a partner with the person.
- The counseling process will identify the services and activities to achieve the vocational goal.

# Expenditure monitoring and internal controls

- Timely Monitoring of Expenditures – monthly authorizations
- Agility and Flexibility
- Improved Forecasting
- Enhanced Accountability
- Avoiding Surprises

- Since January 1, 2025, VRS Counselors, Pre-ETS Representatives, and their RAMs are working together to determine necessary Pre-ETS services required each month for Introductory Career Services (ICS) and full-service student VRS participants.
- VRS can authorize to Community Rehabilitation providers for **necessary** Pre-ETS services when services cannot be provided by internal staff. Authorizations for required Pre-ETS services must be approved by a RAM each month.

VRS staff are making job placement service delivery decisions as follows:

- All participants currently in a Performance Based Agreement with a community rehabilitation provider will continue in that PBA.
- New placement services will be discussed with RAM to strategize referrals to VRS Placement staff or a community rehabilitation provider.
- VRS will authorize for PBAs when approved by RAM.

In most cases, people on a Medicaid waiver will continue to be referred to our Community Partners under the E1MN-PBA. Those individuals typically need a job coach and long-term supports. VRS wants to honor the supports the person needs and the continuity of services.

# Individual Placement and Support (IPS) Referrals

Individual Placement and Support (IPS) referrals will continue to be made to our IPS Community Partners. IPS is a specific program that utilizes a Mental Health Agency and an IPS Community Partner to provide service within with project.



As we move forward into the year with plans to change how we operate to reduce spending, what does not change is *WHY* we operate.

Our mission to “empower Minnesotans with disabilities to achieve their goals for employment, independent living and community integration” is what drives our work.

Serving VRS participants will remain our focus.





***Thank you!***