STAFF EVALUATION

Texas Rehabilitation Commission

A Staff Report
to the
Sunset Advisory Commission

1984

TEXAS REHABILITATION COMMISSION

1984

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SUMMARY

The Texas Rehabilitation Commission was established in 1969. The agency was established to provide rehabilitation and related services to handicapped persons (except those with visual disabilities) to enable them to engage in a gainful occupation or achieve maximum personal independence and to determine eligibility of persons applying for Social Security Administration disability benefits. To accomplish these mandates, the agency conducts five major programs. First, through the vocational rehabilitation program, the agency assists handicapped individuals in obtaining employment. Second, the agency provides extended rehabilitation services to severely handicapped individuals who are not capable of competitive employment but can work in sheltered industries. Comprehensive services not related to vocational rehabilitation are provided to the most severely disabled under the independent living program. The developmental disabilities program functions to plan and coordinate provision of services to persons with severe disabilities manifested since childhood. Finally, through the disability determination program, the agency makes determinations of disability of applicants for benefits under the social security law.

The need for each of the agency's responsibilities was analyzed and the review indicated that there is a continued need for state involvement in these areas. The conclusion is based on the potential loss of approximately $50 million in federal funding to the state, and the fact that approximately 56,000 disabled Texans would be denied vocational assistance, independent living and other services. The need for the current agency structure was analyzed and it was determined that the agency should continue to be separate and should not be merged with other existing agencies. In regard to current operations, the review determined that while the agency is generally operated in an efficient and effective manner, there are changes that should be made in the event the legislature decides to continue the agency. An analysis of alternatives to current operations revealed that one alternative does exist where potential benefits outweigh disadvantages. In addition, three issues were identified that could offer substantial benefits but would also require major changes in current state policy and could involve potential disadvantages.

The changes which should be made if the agency is continued and a discussion of the alternatives and additional policy issues are set out below.

Approaches for Sunset Commission Consideration

I. MAINTAIN THE AGENCY WITH MODIFICATIONS

A. Policy-making Structure

1. The statute should be amended to require that at least two of the six members must be disabled citizens.

The Texas Rehabilitation Commission consists of six members appointed by the governor and confirmed by the senate. Currently, there is no requirement in statute that membership of the board include disabled persons. To ensure the composition of the board represents a proper balance of interests affected by the agency's activities, the statute should be amended to require that at least two of the six commission members must be disabled citizens.

2. The present consumer advisory commission should be specified in statute.

Although the Texas Rehabilitation Commission has established a consumer advisory committee, it is not required by either state or federal law. A review of the Texas Department of Human Resources, the Texas Department of Mental Health and Mental Retardation, and the Texas Department on Aging showed that these agencies are required by law to establish advisory committees consisting primarily of service recipients or their families to provide advice on program development and implementation. Establishing a consumer advisory committee in state statute and requiring the board to adopt rules and regulations concerning size, geographical representation, number of meetings, reporting requirements, and duties and responsibilities will ensure a continued means of public input similar to that required for other health and human service delivery agencies in Texas.

3. The statute should be amended to authorize compensatory per diem rates comparable to those authorized for similar health service agencies for commission and advisory committee members.

Current members of the agency's consumer and medical consultation committees are paid a consultation fee of $100 per day and $150 per day respectively, in addition to travel reimbursement. Board members are authorized to receive only travel reimbursement. However, a

survey of other health service agencies showed that similar per diem fees paid to advisory committee members did not exceed $50 per day and were specifically authorized in statute for both advisory committee and board members. Authorizing commission and advisory committee members to receive a compensatory per diem of $50 per day for attendance at official meetings would provide for consistency with the per diem policies authorized for similar state agencies.

4. **The statute should be amended to require the commission to hold one meeting a year outside Austin with opportunity for public testimony.**

Currently, there is little or no opportunity provided during board meetings for interested members of the public to provide comment on the commission's overall responsibilities. The fact that these meetings are always held in Austin further limits input by those living in other areas of the state. To ensure greater regional input, which is important if the commission's decisions are to be responsive to public concerns, the commission should be required to hold one meeting each year outside Austin with opportunity for public testimony.

B. Overall Administration

1. **The statute should be amended to authorize the agency to purchase client services and equipment directly without going through the Purchasing and General Services Commission (SPAGS).**

In keeping with an informal agreement currently in effect between TRC and SPAGS, the agency purchases client services, and in some cases client items directly from the vendor rather than processing such purchases through SPAGS. If TRC were required to follow general state purchasing procedures for all client purchases, the result would likely be significant delays in providing clients with needed services, medical or training supplies, or occupational tools or equipment. Such delays could seriously interfere with the rehabilitation process, and frustrate both clients and potential employers to the point where clients' actual employment was in jeopardy. To ensure continuation of current procedures which eliminate unnecessary delays in getting clients to work and reduce agency costs, the statute should be amended

to specifically authorize TRC to make direct vendor purchases of client services and equipment.

C. Evaluation of Programs

1. Vocational rehabilitation program

a. **The agency should review controls over use of similar benefits and client contributions in providing medical services to ensure the agency is fully utilizing other resources before spending TRC funds.** (management improvement/non-statutory)

Federal and state regulations require that the agency fully utilize other resources to which clients are entitled before spending TRC funds to purchase needed medical services. These resources include contributions by the client and such "similar benefits" as private health insurance, medicaid and medicare, worker's compensation benefits, and services offered by other agencies such as the health department. The review indicated that there were inconsistencies in practices and monitoring methods followed by agency field staff to ensure proper application of similar benefits, and that there did not appear to be adequate procedural guidance available to staff to ensure adequate consistency in controls maintained. In fiscal year 1983, the agency's expenditures for hospitalization and surgery or other medical treatment amounted to over $14 million. Requiring the agency to review controls over similar benefits use and client contributions will maximize the total amount of medical services available to TRC clients.

2. Extended rehabilitation services program

a. **The agency should implement adequate on-site monitoring of ERS projects.** (management improvement/non-statutory)

TRC contracts approximately $1.6 million in state funds with organizations operating 17 sheltered employment projects and five supervised living programs. Although the projects must file periodic reports with the agency and ERS counselors visit the sites frequently, ERS facilities are not periodically evaluated by TRC staff according to standard monitoring procedures, comparable to those developed in the vocational rehabilitation program for monitoring sheltered employment and

residential facilities serving VR clients. To ensure compliance with contract terms, efficient and effective facility operations, and full accountability for expenditures of state ERS funds, the agency should establish procedures for periodic evaluations of ERS facilities.

b. **The agency should change the process of funding new ERS projects to provide for appropriate application procedures and review criteria.** (management improvement/non-statutory)

Although substantial amounts of state funds are contracted for new ERS projects each year, with approximately $139,000 contracted for four new projects in fiscal year 1984, the agency has not developed formal application procedures for organizations interested in seeking funding. The current informal process used to inform persons of the availability of funds and to select contractors limits the number of groups who apply. Requiring the agency to utilize a request for proposal process, including regional advertising of the availability of funds, standard application procedures and review criteria, would ensure adequate opportunity for all interested groups to submit project proposals and a fair and unbiased selection process.

3. Developmental disabilities program

a. **The council's statute should be changed to eliminate all language which duplicates or conflicts with provisions contained in federal law and to require that the governor appoint the chairperson of the council.**

The review showed that current language in state law under which the developmental disabilities council operates unnecessarily duplicates federal law. Since federal law is subject to change, and is in fact currently under review by Congress which is considering legislation to change the focus of the council, state law would need to be continually reviewed and revised to keep it in line with federal law. The state statute also contains language which is in direct conflict with provisions in federal law. The council's statute should be changed to eliminate language which duplicates or conflicts with provisions in federal law.

II. ALTERNATIVES

1. The Crippled Children's Services Programs could be transferred from the Texas Department of Health to the Texas Rehabilitation Commission.

Programs under the Texas Department of Health's Bureau of Crippled Children's Services (CCS) function primarily to provide needed medical assistance to Texas children. The major program within the bureau, the Crippled Children's Services program, arranges and pays for rehabilitation services including diagnostic services, medical treatment, transportation, and assistive devices such as wheelchairs to children under age 21 with certain disabling conditions. Currently, the Texas Rehabilitation Commission's vocational rehabilitation (VR) program is not only providing the same type of medical assistance and case management services as CCS programs, it is also serving a portion of the same population: disabled Texas children from 16 to 21 years of age. In view of the similarities in functions and populations served, it appears that a transfer of CCS programs to TRC could result in a number of benefits. The transfer would likely produce improved coordination of services to the overlapping population of disabled Texans from 16 to 21 years of age, with some potential for cost savings as a result. In addition, the combination of both programs in one agency would facilitate identification of disabled children approaching working age in need of VR services, and thus promote more referrals for VR services and initiation of services at the earliest opportunity. TRC's existing network of field offices could be used in providing counseling, case management and follow-up services to disabled children across the state.

III. OTHER POLICY CONSIDERATIONS

1. Should functions of the Governor's Committee for Disabled Persons and the Council on Disabilities be transferred to the Health and Human Services Coordinating Council.

Among the multiplicity of agencies established with responsibilities relating to disabled persons, the review identified three agencies, the 16-member Governor's Committee for Disabled Persons (GCDP), the 21-member Council on Disabilities (COD), and the 19-member Health and Human Services Coordinating Council (HHSCC), with a number of similar mandates relating to inter-agency service coordination, long-range service planning and policy

development, research and studies, and public information. It has been suggested that efforts of the GCDP and the COD could be consolidated under the HHSCC. Under the proposal, the boards of GCDP and COD would be merged into a single advisory committee to HHSCC to include representation of the disabled and provider groups and state agencies not represented on the board of HHSCC, and the functions of COD and GCDP would be transferred to HHSCC. Proponents of the proposal argue that there is no need for three separate policy boards to perform the duties of these agencies. They contend the functions of COD and GCDP relating to development and coordination of services to the disabled are consistent with the broad mandates of HHSCC relating to coordination and planning of health and human services to all populations, including the disabled, and that consolidation under one agency would accomplish these mandates more efficiently and effectively. HHSCC has an existing staff which, supplemented by funding now appropriated to GCDP, could provide administrative support in performing the combined functions. Opponents to consolidation argue that HHSCC as well as COD have been in operation less than one year, and that more experience is needed to evaluate their effectiveness. It is argued that as separate agencies COD and GCDP can focus necessary attention on their discrete functions relating to the disabled, which are not readily compatible with the broad mandates of HHSCC. Opponents contend the boards of the two agencies, including representatives of providers of services to the disabled and disabled persons, play a critical role in accomplishing their mandates, and that the board of HHSCC, without such representation, would be less effective in ensuring those mandates are met.

2. Should vocational rehabilitation be included as a benefit under the Texas Worker's Compensation Act.

Currently, vocational rehabilitation is specifically excluded as a benefit available to disabled workers injured on the job under the state workmen's compensation law. Today 23 states have some form of vocational rehabilitation (VR) included under their laws. Proponents of incorporating VR as a benefit under the Texas law argue that if the workers compensation system is to provide complete protection to workers against the losses resulting from work-related injuries, benefits under the system must extend beyond financial compensation and medical services to provision of vocational rehabilitation

services designed to restore the injured worker's competitive earning ability. It is contended that if VR were encorporated as a benefit, it is likely that more workers would begin receiving VR services at an earlier date after the injury occurred, producing better rehabilitation results and earlier returns to work, which ultimately could result in cost savings to insurers. The Texas Rehabilitation Commission estimates that referrals of covered injured workers would nearly double, yet predicts a savings of roughly $2 million per year in state and federal VR funds due to payments for services to these clients by workers' compensation insurers. Opponents to incorporating VR as a benefit under the law cite the difficulty of establishing adequate controls to appropriately limit covered costs of rehabilitation programs which often take years to complete and require huge expenditures of funds. They contend there is a need for continued study to resolve a number of issues before appropriate legislation can be developed.

3. **Should state funds be appropriated to fund comprehensive medical rehabilitation services to Texans with catastrophic spinal cord injuries.**

There are currently an estimated 12,565 persons in Texas suffering from catastrophic spinal cord injuries, with approximately 500 to 600 new spinal cord injuries each year. To restore the patient to the optimum level of functioning, almost all spinal cord injuries require a range of medical services following stabilization of the patient's condition, including physical and occupational therapy, and patient education in nutrition and self-care. However, due to the extremely high costs of such a comprehensive treatment program in a rehabilitation hospital, from $600 to $700 a day, many patients cannot afford such services, and instead are placed in nursing homes or other long-term care facilities where many remain, often requiring repeated hospitalization due to recurring medical problems. TRC vocational rehabilitation (VR) program funds generally cannot be used to pay for such services because VR eligibility criteria, which include a finding of rehabilitation potential, often cannot be met at the time the patient needs admission to a rehabilitation hospital. In order to meet the needs of such persons, a significant increase in general revenue appropriations would be required. The agency is requesting $1 million in fiscal year 1986 and $1.5 million in fiscal

year 1987, with which it expects to serve 40 individuals in 1986 and 60 in 1987, at a cost of $25,000 per client.

AGENCY EVALUATION

The review of the current operations of an agency is based on several criteria contained in the Sunset Act. The analysis made under these criteria is intended to give answers to the following basic questions:

1. Does the policy-making structure of the agency fairly reflect the interests served by the agency?
2. Does the agency operate efficiently?
3. Has the agency been effective in meeting its statutory requirements?
4. Do the agency's programs overlap or duplicate programs of other agencies to a degree that presents serious problems?
5. Is the agency carrying out only those programs authorized by the legislature?
6. If the agency is abolished, could the state reasonably expect federal intervention or a substantial loss of federal funds?

BACKGROUND

Organization and Objectives

The Texas Rehabilitation Commission (TRC) was created in 1969 and is currently active. The board consists of six members appointed by the governor with the consent of the senate for overlapping six-year terms. Members must be citizens of the state and must have demonstrated a constructive interest in rehabilitation services. The commission has two advisory committees. The consumer advisory committee, currently consisting of 18 members, was created in 1976 as a means by which interested citizens, and particularly direct beneficiaries of TRC programs, can provide information on the way the rehabilitation program is administered and structured. The medical advisory committee, currently composed of 16 members, was established in 1971 to provide advice on matters related to medical services to rehabilitation clients, including medical fees, and to maintain a constructive relationship with the medical community.

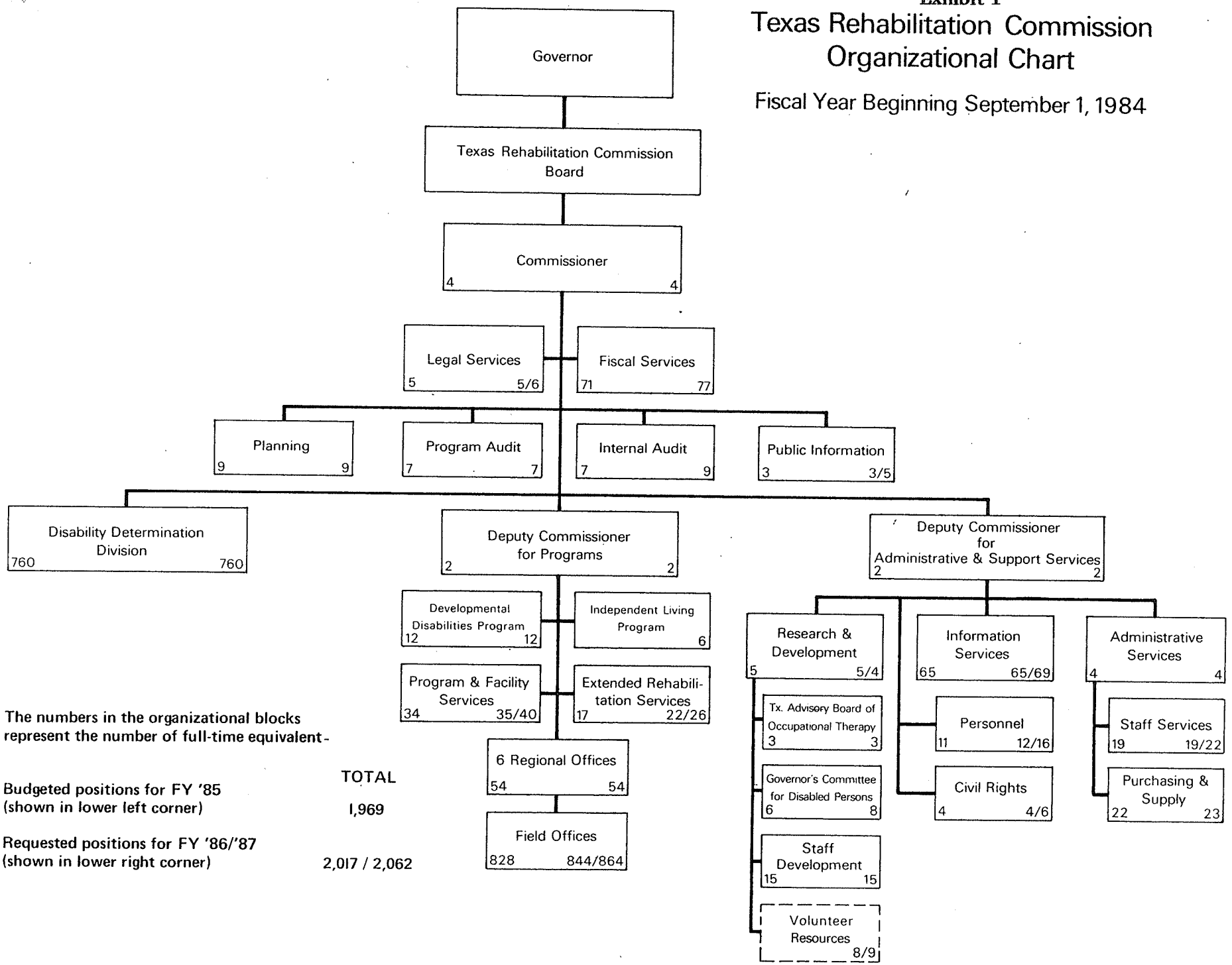
In fiscal year 1984, the agency has a staff of 1,820 and a total budget of approximately $123.6 million, split between general revenue (23 percent), federal (76 percent), and other funds (1 percent). The agency has its headquarters in Austin and maintains six regional offices in Lubbock, Fort Worth, Austin, Houston, San Antonio and Dallas. The agency's organizational structure is shown in Exhibit 1. Commission programs served over 256,000 disabled individuals in fiscal year 1983, out of a total estimated population of 2.3 million handicapped persons in Texas.

The first vocational rehabilitation program was established in Texas in 1929 to provide services for disabled World War I veterans. It was recognized that by not rehabilitating these individuals, significant human resources would be lost to the state. To provide rehabilitation services, the state created the Vocational Rehabilitation Division in the State Department of Education. Federal legislation provided funds on a matching basis and provided for services to disabled persons through a joint state/federal program. The program was originally designed to provide services to physically handicapped persons, for the purpose of returning them to the workforce. Subsequent revisions in federal legislation and increases in state and federal appropriations changed the focus of the program by adding services to persons with mental, as well as physical disabilities, which would enable them to return to or enter employment. In 1954, the Disability Determination

Exhibit 1

Texas Rehabilitation Commission Organizational Chart

Fiscal Year Beginning September 1, 1984



The numbers in the organizational blocks represent the number of full-time equivalent-

	TOTAL
Budgeted positions for FY '85 (shown in lower left corner)	1,969
Requested positions for FY '86/'87 (shown in lower right corner)	2,017 / 2,062

Division, with responsibility for determining the eligibility of persons applying for Social Security disability benefits was created and also placed under what had become the Texas Education Agency. As the scope of rehabilitation and related activities continued to expand, the need for a separate agency was recognized. In 1969 the Vocational Rehabilitation Division and the Disability Determination Division were removed from the Texas Education Agency, and together formed the Texas Rehabilitation Commission. The two programs have little programmatic relationship, except that they both involve determination of disabilities. Currently, major programs administered by the agency include: 1) Vocational Rehabilitation; 2) Disability Determination (Social Security); 3) Extended Rehabilitation Services; 4) Independent Living; and 5) Developmental Disabilities. The objectives of these programs and the activities established to carry them out are summarized in the review of operations section of the report along with recommendations on needed changes.

REVIEW OF OPERATIONS

This section covers the evaluation of current agency operations undertaken to identify any major changes which should be made to improve the efficiency and effectiveness of those operations, if the agency is to be continued. The evaluation is divided into three general areas dealing with: 1) a review and analysis of the policy-making body; 2) a review and analysis of the overall administration of the agency; and 3) a review and analysis of the operation of specific agency programs.

Policy-making Structure

The evaluation of the policy-making structure was designed to determine if the current statutory structure contains the provisions that ensure adequate executive and legislative control over the organization of the body; competency of members to perform required duties; proper balance of interests within the composition; and effective means for selection and removal of members.

The Texas Rehabilitation Commission consists of six members appointed by the governor with the consent of the senate for overlapping six-year terms. Members must be citizens of the state and must have demonstrated a constructive interest in rehabilitation services. The chairman of the board is designated by the governor and serves during the tenure of the appointing governor. In addition to the board, two advisory committees have been established to serve the board. The consumer advisory committee, currently consisting of 18 members, was created to ensure that interested citizens, and particularly individuals receiving services from TRC programs, provide input regarding the way the rehabilitation program is administered and structured. The medical advisory committee, currently composed of 16 members, was established to provide advice on medical services to rehabilitation clients, including medical fees, and to maintain a constructive relationship with the medical community.

The review focused on whether the agency's policy-making body and its advisory committees were appropriately structured to respond to the needs of handicapped Texans and to policy issues arising in administration of agency programs. Although the operation of the agency's policy-making and advisory bodies appears to be structured in a generally appropriate fashion, the following changes should be made to ensure continued responsiveness and to reduce costs associated with advisory committees.

One third of the commission members should be required to be disabled citizens.

Currently, the statute does not require that the membership of the board include persons who are disabled. Although two disabled persons are currently serving on the board, prior to these appointments, one made in 1979 and one in 1984, the board membership had included only two other disabled persons. Without a statutory requirement of such representation, there is no assurance that these appointments will continue to be made in the future. State laws relating to appointments to the Deaf, Blind and Alcoholism Commissions impose the requirement that a portion of the board membership, up to one-half, must be representatives of the disabled population served. To ensure the composition of the TRC board represents a proper balance of interests affected by the agency's activities, the Human Resources Code should be amended to require that at least two of the six commission members must be disabled citizens.

The statute should be amended to require a consumer advisory committee.

Federal law governing the VR program requires that the agency obtain and consider views on policy development and implementation from recipients of VR services, or their parents or guardians, service providers, and others active in vocational rehabilitation. As a means of meeting this requirement, the agency has chosen to establish a consumer consultation committee currently composed of 18 members appointed by the TRC commissioner. Committee bylaws provide that the membership may include from 12 to 26 members, at least half of whom must be disabled, and the remainder to include service providers, client family members, and others interested in VR. Although the agency indicated that geographical distribution of members is a factor in selection, by-laws do not require a geographical balance. Members generally meet three to four times yearly to discuss and provide advice on issues related to program planning and development; any recommendations are included in minutes of the meetings, and reported to the commissioner.

The review indicated that because neither state nor federal law requires establishment of the committee the agency could discontinue it at any time, thereby eliminating a highly effective method of obtaining broad consumer input. This method of obtaining input has been mandated in other state agencies such as

the Department of Mental Health and Mental Retardation, the Department of Human Resources, and the Department of Aging which are required by law to establish an advisory committee consisting primarily of service recipients or their families to provide advice on program development and implementation. Amending the statute to require the establishment of an advisory committee would ensure the committee's continuation and adequate representation by those impacted by agency activities. The commission should adopt rules and regulations which specify committee size and membership requirements including geographic representation; method of selection; to whom the committee reports and how often; the specific duties and responsibilities of the committee; and rates of reimbursement for travel and per diem. Finally, current state law provisions authorizing a board-appointed nine-member advisory committee which has never been established should be deleted.

The statute should be amended to provide for compensatory per diem rates comparable to those authorized for similar health service agencies for commission and advisory committee members.

Currently, members of the consumer and medical consultation committees are paid a "consultation fee" of $100 per day and $150 per day respectively, in addition to travel reimbursement. A survey of other health service agencies, including the Texas Departments of Health and Human Resources indicated that similar per diem fees paid to advisory committee members for attendance at periodic committee meetings, in addition to travel reimbursement, did not exceed $50 per day and were specifically authorized in statute. In order to ensure the agency's authority to pay these per diem fees to advisory committee members, and to provide for consistency with the per diem policies authorized for similar state agencies, the statute should be amended to authorize the agency to pay compensatory per diem of $50 per day to advisory committee members for attendance at official meetings. In addition, the same per diem rate should be authorized for board members who are currently authorized to receive only travel reimbursement. Again, this would bring TRC in line with other health service agencies surveyed which are authorized to pay up to $50 compensatory per diem to board members and would lessen the possibility that qualified individuals could not serve because of financial hardship.

The statute should be amended to require the commission to hold an annual meeting outside Austin with opportunity for public testimony.

Currently, the board meets four times each year to receive reports from the commissioner and other staff on different areas of agency operations, and to make needed decisions concerning agenda items. Although members of the public can testify on specific agenda items, there is little or no opportunity provided for interested persons to express views and concerns or to present information to the board relating to the way the agency provides VR and other services. Public input is further limited by the fact that the board meetings are always held in Austin, thereby reducing or eliminating board accessibility to those residing in other geographic areas of the state. In order to ensure additional opportunity for direct public input, the agency should be required to hold one board meeting a year outside Austin, rotating each year among different geographic regions of the state, and to structure the agenda so that any interested person may comment on any topic related to TRC responsibilities.

Overall Administration

The evaluation of the overall agency administration was designed to determine whether management policies and procedures, the monitoring of management practices and the reporting requirements of the agency were adequate and appropriate for the internal management of time, personnel and funds. The review also examined the agency's procedures for purchasing client services and equipment.

The results of the evaluation indicated that the agency's administrative operations generally function adequately. However, one area was identified where needed change would enhance the agency's purchasing authority.

The statute should be amended so that the agency is given clear authority to purchase client services and equipment directly without going through the Purchasing and General Services Commission.

A review of agency purchasing procedures showed that in order to avoid undue delay in providing clients with needed services, medical or training supplies, or occupational tools or equipment, TRC procedures allow the agency to purchase client services, and in some cases client items directly from the vendor rather than

processing such purchases through the State Purchasing and General Services Commission. These procedures are in keeping with an informal agreement currently in effect between TRC and SPAGS that provisions of the State Purchasing and General Services Act relating to competitive bidding and processing goods and services through SPAGS are not applicable to the purchase of services, supplies, equipment or material by TRC for its clients. The basic position of SPAGS, as stated by its executive director in a letter to the TRC commissioner in 1983, is that because client purchases are not for the use of TRC itself, they are not required to be processed through SPAGS. This position is supported by a number of Attorney General's opinions issued between 1940 and 1974 which have upheld the authority of TRC to provide services and equipment to clients by direct vendor purchases. If TRC were required to follow general state purchasing procedures for all client purchases, the result would likely be serious delays in rehabilitating clients and getting them to work, with the attendant frustration of client and/or potential employer perhaps jeopardizing employment and successful closure in some cases. The authority for TRC to provide clients with needed services, supplies, materials and equipment by direct purchase is necessary and should be clearly spelled out in the statute. Other agency purchases would continue to be governed by general state purchasing procedures.

Evaluation of Programs

As indicated above, major programs conducted by the agency include: 1) Vocational Rehabilitation; 2) Disability Determination ; 3) Extended Rehabilitation Services; 4) Independent Living; and 5) Developmental Disabilities. Problems and recommendations for needed improvement are discussed below.

Vocational Rehabilitation

The objective of the vocational rehabilitation (VR) program is to provide services to disabled vocationally-handicapped individuals (except those with visual disabilities, who are served by the Commission for the Blind) that will assist them to enter or return to gainful employment. The joint state/federal program is supported through a combination of state general revenue appropriations and federal funds received from the U.S. Department of Education. Under the federal Rehabilitation Act of 1973, the Education Department is authorized to make grants to states to assist in providing vocational rehabilitation services in accordance with a required state plan. To be eligible to receive federal funding, the state must meet at least a 20 percent matching requirement. In fiscal year 1984, TRC's

Exhibit 2

TEXAS REHABILITATION COMMISSION

Vocational Rehabilitation Field Offices

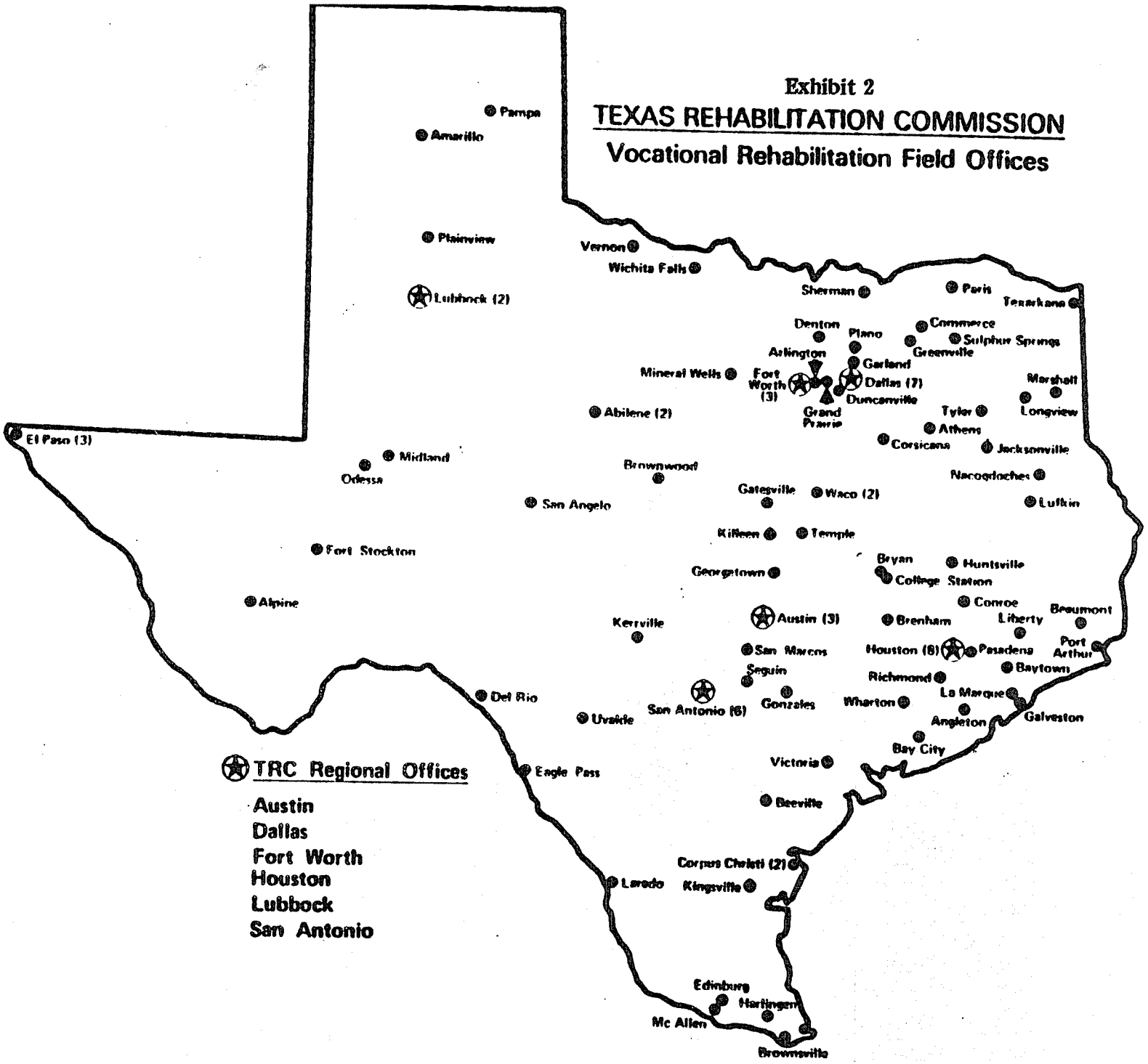


Exhibit 3

CLIENTS SERVED BY MAJOR DISABILITY GROUP

Fiscal Year 1983

PRIMARY DISABILITY GROUP	CLIENTS SERVED
Musculoskeletal Impairments (includes spinal cord injuries)	14,620
Deaf and Hearing Impaired	3,110
Mental Illness	13,812
Mental Retardation	2,433
Learning Disability	894
Other Disabilities	11,644
TOTAL	**46,513**

budget for the VR program included approximately $42 million in federal funds and $24 million in state funds.

The VR program is administered through an organizational structure which includes six regional offices in San Antonio, Houston, Lubbock, Fort Worth, Dallas and Austin. More than 340 VR counselors are located in 113 field offices around the state with responsibility for handling cases of eligible clients. The location of VR field offices is shown in Exhibit 2. In meeting the program's primary goal of assisting handicapped persons to enter or return to work, major activities of the VR division include: 1) determining whether a person is eligible for VR services; 2) planning the services a person needs once they are determined eligible; 3) coordinating or purchasing needed medical, training or other services; 4) providing counseling and placement services; and 5) monitoring provision of these services.

Federal and state law require that to be eligible for VR services, an applicant must meet two basic requirements: 1) the person must have a physical or mental disability that results in a substantial handicap to employment; and 2) there must be a reasonable expectation that VR services will result in gainful employment. Persons with a wide variety of disabilities are potentially eligible, including individuals with orthopedic or neurological impairments, such as amputees; mental health disorders, including alcoholism, drug addiction and character disorders; mental retardation; internal medical conditions, such as epilepsy; hearing impairments; and speech and language or learning disabilities. Exhibit 3 indicates the percentage of clients served in fiscal year 1983 by major disability group. The agency has established a policy in accordance with federal guidelines concerning priority for selection of services which ensures that the most severely handicapped persons receive services during periods of limited funding. As a result, the number of severely handicapped individuals served by the agency (based on clients receiving services at the year's end) has risen from 55 percent to 63 percent between fiscal years 1981 and 1983. The number of severely handicapped persons successfully rehabilitated has risen from 38 percent to 52 percent between fiscal years 1981 and 1983.

The determination of eligibility is made by the VR counselor who receives referrals of potential clients from a number of sources. Most frequently these come from physicians, the applicant's family or friends, MHMR centers and clinics, schools and hospitals. Individuals also frequently apply directly to VR offices for services. The majority of counselors manage generalized caseloads, and receive

referrals of persons with many different types of disabilities. However, due to the special communication problems involved, applicants with hearing disabilities are referred to counselors who specialize in handling deaf and hearing-impaired clients. Currently such specialized counselors are located in 20 field offices. Counselors handle caseloads averaging approximately 30 referrals and applicants for services and 80 active clients.

In determining eligibility, a diagnostic study must be made to evaluate whether there is both a substantial handicap to employment and rehabilitation potential. The counselor is responsible for obtaining whatever medical and psychological data are necessary to make these determinations. In addition to results of the general physical examination which is required in every case, a counselor may need diagnostic information which can include past reports of medical specialist examinations, and psychological or vocational testing. When existing data from past examinations is insufficient, the counselor is authorized to purchase needed diagnostic services, and may use the services of VR staff psychologists, located in 10 field offices. Based on review of all pertinent information obtained, the counselor makes the determination of eligibility. TRC policy requires that the factors considered in establishing eligibility must be fully documented in the case record. If an applicant is found ineligible, the counselor must notify the individual in writing stating the reasons for the decision, and informing the applicant of agency appeal procedures. In fiscal year 1983, 41,137 individuals applied for VR services, 21,527 were accepted, and 2,875 were determined ineligible for the program. There were 48 VR client appeals, including appeals of ineligibility determinations, during fiscal year 1983.

When an applicant is found eligible, the counselor is responsible for developing, along with the client, an individualized written rehabilitation program (IWRP). The IWRP, required in every case by federal law, specifies both the client's ultimate vocational objective and the services to be provided to enable the client to achieve that objective, including the estimated duration for each service. In determining the nature and scope of services needed, federal law requires an appraisal, to the extent needed, of such factors as the individual's personality, intelligence level, educational achievement, work experience, personal and social adjustment and work opportunities. Diagnostic evaluation data compiled by the counselor, including medical, psychological and vocational examination results,

along with counseling information, form the basis for this type of appraisal and development of a plan of services.

In developing the IWRP, the counselor also identifies who will pay for planned services. In some cases the client may be required to participate in the cost of services. Although agency regulations provide that economic need is not a requirement for eligibility for rehabilitation services, economic need is required to be considered in determining the portion of service costs, if any, to be paid by the client. Where the client's income or liquid assets exceed monthly "basic living requirements" established by TRC, the client must participate in the cost of services. Program regulations also require that the agency consider any "similar benefits" or financial or other assistance available to the client under any other program to meet, in whole or in part, the cost of any services outlined in the IWRP. The counselor is responsible for encouraging and assisting VR clients to seek other resources to which they are entitled under such programs as Medicare and Medicaid, state and county hospitals, private health insurance, workmen's compensation or veterans benefits, and college loans and scholarships. Exhibit 4 provides a more complete listing of types of similar benefits considered. The counselor must fully consider such alternative funding sources and the client's ability to pay prior to expending TRC funds to purchase client services.

In addition to counseling and placement services, the range of authorized services available to VR clients includes the following: physical and mental restoration services, such as medical treatment, surgery, hospitalization, physical therapy, and provision of assistive devices such as artificial limbs, wheelchairs, and hearing aids; training services, including personal-social and work adjustment training in a rehabilitation facility, vocational training in technical and vocational schools or on-the-job, and academic training in a college or university; maintenance; transportation; occupational tools and equipment; and interpreter services for the deaf. Exhibit 5 provides a listing of authorized VR services. Counseling, guidance, and job placement services are provided directly by the VR counselors. Other services outlined in the IWRP are coordinated or purchased by the counselors from service providers outside the agency. In fiscal year 1983, TRC purchases of client services totalled nearly $35.5 million. Of that amount, approximately 48 percent was expended for physical and mental restoration services, 26 percent for training, and 26 percent for all other services.

Exhibit 4
SIMILAR BENEFIT PROGRAMS

Administering Agency	Program	Primary Services	Eligibility Criteria	Primary Funding
A. FEDERAL				
Department of Education	Student Financial Aid/Basic Education Opportunity Grant (BEOG)	* Financial aid in form of yearly grant	* Undergraduate student * Attend eligible program at eligible institution at least half-time	FEDERAL
	Supplemental Educational Opportunity Grant (SEOG)	* Financial aid in form of grant	* Vocational or undergraduate students of exceptional financial need * Attend eligible institution at least half-time	FEDERAL
Veteran's Administration	Veteran's Benefits	* Hospitalization and medical care * Educational assistance * Vocational rehabilitation * Pensions and compensation * Housing loans	* Former member of armed services * Discharge must be other than dishonorable	FEDERAL * Also administered by: local veterans county service officer; any Texas veterans affairs field office
Department of Health and Human Services	Medicare	* Health insurance program consisting of two types of coverage: A. Hospitalization B. Medical	* Most persons age 65 or over * Disabled persons who have been entitled to SSDI benefits for 24 consecutive months * Persons requiring kidney transplants or dialysis	FEDERAL (Title XVIII of Social Security Act)
	SSI (Supplemental Security Income)	* Financial aid in form of monthly checks	* Aged (over 65), blind, or disabled * Meet income guidelines	FEDERAL (Title XVI of Social Security Act)
	SSDI (Social Security Disability Insurance)	* Financial aid in form of monthly checks	* Technical eligibility (proof of age, work history, proof of relationship) * Disability determination	FEDERAL (Title II of Social Security Act)
Department of Labor	Federal Employees Workers Compensation Longshore and Harbour Workers Act	* Medical services * Training services	* Workers injured on the job	FEDERAL

SIMILAR BENEFIT PROGRAMS
(cont.)

Administering Agency	Program	Primary Services	Eligibility Criteria	Primary Funding
B. STATE				
Department of Human Resources (DHR)	AFDC (Aid to families with dependent children)	* Financial aid in form of monthly checks	* Eligible children deprived of parental support * Families with children who lack support of parent	STATE FEDERAL (Title IV -A of Social Security Act)
	Food Stamps	* Food stamps to be used at approved stores to purchase food items	* Depends on income of household (after deductions) in conjunction with size of household	STATE FEDERAL (USDA)
	Medicaid	Reimbursement for: * Medical assistance * Nursing home care	* Individuals receiving AFDC payments * Children in an approved foster care plan * SSI recipients * Individuals residing in Title XIX approved facilities	STATE FEDERAL (Title XIX of Social Security Act)
	Title XX Social Services	* Community care for aged, blind and disabled * Adult protective services * Child protective services * Family planning services * Day care and foster care	* Some services available without regard to income * Some services available with regard to income	STATE FEDERAL (Title XX of Social Security Act)
	WIN (Work Incentive) Program	* Job training * Social services * Day care and child care services	* AFDC recipient	STATE * Also administered by TEC
Texas Education Agency (TEA)	Special Education Services	* Special education * Related services	* Children with a handicap requiring special provisions * Age range of eligible blind and deaf-blind students is 0-22, inclusive	LOCAL STATE FEDERAL
	Adult Basic Education	* Adult education	* Age 16 * Economically disadvantaged	STATE LOCAL

SIMILAR BENEFIT PROGRAMS
(cont.)

Administering Agency	Program	Primary Services	Eligibility Criteria	Primary Funding
Texas Department of Community Affairs (TDCA)	CAA/LPA (Community Action Agency/Limited Purpose Agency)	Services vary, but may include: * Head Start programs * Information and referral * Transportation * Emergency food and medical services * Legal services * Community food and nutrition/food stamp/outreach	* Economically Disadvantaged	STATE LOCAL FEDERAL
	Job Training Partnership Act Programs Operated by Private Industry Councils	* Job training * Supportive services	* Economically disadvantaged	FEDERAL
Texas Industrial Accident Board	Worker's Compensation	* Compensation and medical care for employees injured on the job	*Workers injured in course of their employment whose employers subscribe to worker's compensation insurance	STATE
Texas Department of Health (TDH)	Crippled Children's Services	* Physical restoration	* Children with physical impairments	STATE
	Chest Hospitals	* Hospitalization	* Patients with T.B. or respiratory disease	STATE
Texas Department of Mental Health and Mental Retardation	Community MH/MR Services	* Counseling * Day care * Respite care * Short-term residential treatment *Sheltered work * Outreach program	* Mentally retarded * Mentally ill	STATE COUNTY

SIMILAR BENEFIT PROGRAMS
(cont.)

Administering Agency	Program	Primary Services	Eligibility Criteria	Primary Funding
Texas Employment Commission (TEC)	Unemployment Insurance	* Compensation to workers for portion of wage loss	Worker must be: * Unemployed, but previously employed * Physically able to work * Available * Actively seeking work * Registered for work with TEC office	STATE FEDERAL
	Job Placement	* Job Placement	* None	STATE
University of Texas	U.T.M.B. (John Sealy Hospital)	* Hospitalization * Outpatient services	* Indigent	STATE COUNTY
	M.D. Anderson Hospital	* Hospitalization * Outpatient services	* Suspected cancer	STATE
C. OTHER				
City/County Hospitals, Hospital Districts	Hospital Services	* Hospitalization and medical care	* Medically indigent who reside within the boundaries of the city and/or county or hospital district in which the hospital is located	CITY COUNTY HOSPITAL DISTRICT
Hospitals	Hill-Burton Act Obligation	* Hospitalization and medical care	* Financial criteria (based on level of total family income)	PUBLIC PRIVATE
Colleges	Scholarships, Grants, Work/Study	* College expenses	* Financial, academic and other criteria depending on the institution	PRIVATE
Mutual of Omaha Insurance Company	Champus (Civilian Health and Medical Program of the Uniformed Services)	* Medical insurance	* Spouse or child of active duty member of uniformed service * Retired member of uniformed service and dependents	FEDERAL
Independent Insurance Companies	Insurance	* Medical Insurance	* Vary widely among companies	PRIVATE

Exhibit 5

VOCATIONAL REHABILITATION SERVICES PROVIDED BY THE TEXAS REHABILITATION COMMISSION

SERVICES	FY 1983		SERVICE DESCRIPTION		
	FUNDS EXPENDED*	NO. OF CLIENTS SERVED*	PURPOSE	EXAMPLES	PROVIDERS
1. Evaluation of rehabilitation potential	$ 5,004,024	29,462	To determine eligibility and to determine nature and scope of rehabilitation services for clients	1) General physical examinations 2) Specialist examinations 3) Psychological testing 4) Vocational evaluations to identify client's work tolerance, ability to acquire job skills, and patterns of work behavior.	1) Physicians 2) Specialists such as internists and cardiologists 3) Psychologists 4) TRC - VR counselors and rehabilitation facilities
2. Counseling and guidance	Provided by TRC staff/not a purchased service	46,513	To assist clients, their families, and employers throughout the rehabilitation process.	Assistance in setting vocational goals, dealing with vocational adjustment and personal problems	TRC -VR counselors
3. Physical and mental restoration	$16,980,837	9,301	To enable clients to enter or retain employment by eliminating functional limitations	1) Physician services, including surgery 2) Hospitalization 3) Treatment of mental or emotional disorders 4) Drugs and medical supplies 5) Prosthetic, orthotic or other assistive devices 6) Physical, occupational, speech and hearing therapy 7) Dental services	1) Physicians, including specialists such as cardi ologists 2) Hospitals, including rehabilitation hospitals 3) TDMHMR centers, psychologists and psychiatrists 4) Pharmacies 5) Prosthetists and orthotists 6) Physical, occupational and speech therapists 7) Dentists
4. Training	$ 9,112,392	12,935	To develop a client's job skills and make the client job-ready	1) Prevocational training to provide background knowledge or skills prior to receiving other training 2) Vocational skills training to provide instruction in performing tasks required by an occupation, including: a) On-the-job training to provide specific job skills and knowledge of a work-setting	1) Rehabilitation facilities and TRC staff 2) Employers, technical and vocational schools, and business schools

*Figures are approximate

VOCATIONAL REHABILITATION SERVICES PROVIDED BY THE TEXAS REHABILITATION COMMISSION
(Cont.)

SERVICES	FY 1983		SERVICE DESCRIPTION		
	FUNDS EXPENDED*	NO. OF CLIENTS SERVED*	PURPOSE	EXAMPLES	PROVIDERS
				b) Business, technical and vocational school training c) Correspondence course training 3) Academic training to attain a degree required for entry level employment 4) Personal-social and work adjustment training to acquire personality traits necessary to obtain and retain employment	3) Colleges and universities 4) Rehabilitation facilities
5. Maintenance	$ 1,546,462	3,064	To provide subsistence expenses during any stage of the rehabilitation process	Client meals, housing, clothing, and health needs (toilet articles, etc.)	TRC makes cash payments either directly to client or to vendor
6. Transportation	$ 178,979	1,529	To ensure client participation in the rehabilitation process	Transportation costs from client's residence to place where services are rendered including: 1) Payment of public carrier fare (bus, taxi, airline fare) 2) Payment of fee (per mile) for use of private vehicle	TRC makes cash payments either directly to client or to vendor
7. Other a. Occupational licenses, tools, and equipment	$ 2,461,457	5,257	To increase a client's prospects for successful employment	1) Professional licensure such as barber, cosmetologist, nursing and teaching licenses 2) Occupational tools and equipment, such as carpentry tools, plumbing equipment, beautician's equipment	1) TRC makes cash payments either directly to client or to vendor 2) Private vendors

Exhibit 5

VOCATIONAL REHABILITATION SERVICES PROVIDED BY THE TEXAS REHABILITATION COMMISSION (Cont.)

SERVICES	FY 1983		SERVICE DESCRIPTION		
	FUNDS EXPENDED*	NO. OF CLIENTS SERVED*	PURPOSE	EXAMPLES	PROVIDERS
b. Self-employment enterprise			To enable the client to become self-employed	1) Payment of initial rent on business space 2) Payment of initial advertising costs 3) Payment of initial utilities costs 4) Provision of initial stocks and supplies, tools and equipment 5) Training for self-employment	Private vendors
c. Interpreter services			To assist and ensure participation of a deaf applicant or client in the rehabilitation process	Use of interpreter to communicate with medical or training personnel	Interpreters certified by the Registry of Interpreters, when available
d. Modification of vehicles, job sites, and residences			To enable the client to participate in employment or in services such as training	1) Provision of hand controls in a car 2) Provision of wheelchair lifting device, raised roof, etc. in a van 3) Modifications to buildings to remove architectural barriers to handicapped 4) Installation of portable ramp, portable patient lift, porch lift, etc. in client's residence	Private vendors
8. Job placement	Provided by TRC staff -- not a purchased service	14,060	To prepare a client for work and to assist in obtaining suitable employment	1) Developing client attitudes consistent with those required for a job 2) Reconciling problems or barriers to a client's employment, including architectural barriers and employer attitudes concerning the handicapped	TRC - VR counselors
9. Post employment services	$ 201,475	437	To ensure client adjustment to job environment and job retention after placement and case closure	Additional counseling and guidance, physical restoration, and provision of assistive devices necessary to maintain employment	TRC - VR counselors, physicians, prosthetists, etc.

*Figures are approximate

The method of selecting service providers varies depending on the type of service being purchased. For example, in purchasing medical services, physicians or therapists are selected on the basis of such factors as pre-existing professional-client relationship, proximity to the client, and willingness to accept TRC's established maximum payment for the service. Counselors are authorized to pay the medical provider's usual and customary fee not to exceed TRC's maximum affordable payment schedule, MAPS, which establishes the maximum fees the agency will pay for specified medical services. In purchasing training and other services from rehabilitation facilities, including personal-social and work adjustment training, skills training, and supervised living or halfway house services, counselors must use only those rehabilitation facilities "certified" as meeting TRC standards. These standards cover such areas as staff qualifications, client records, safety and accessibility of the facility, client-staff ratio, service planning, and time per week devoted to the service. To be certified, a facility must be surveyed for compliance with TRC standards, generally on an annual basis, by a team consisting of a TRC facility specialist, a VR counselor and his or her supervisor. TRC has established maximum fees that will be paid to these facilities for room, board and supervised living, as well as for certain work-related services based on the certification level of the facility.

In addition to arranging and coordinating the provision of medical, training and other services, the counselor is responsible for assisting the client throughout the rehabilitation process. The counselor provides counseling and guidance, for example, in making vocational choices, and monitors the provision of services and the client's progress. The frequency of contact is at the discretion of each counselor and varies depending on the complexity of the case, the type of disability, and the client's adjustment. However, the counselor must plan and document the frequency of client contact in the IWRP. The counselor monitors the provision of services through input from the client and required progress reports from service providers. Examples of these reports are medical reports for a client receiving medical treatment or therapy; training progress reports for clients in work-related training in a technical school or rehabilitation facility; semester grades for a client in a college or university; or residential living progress reports for a client in a half-way house. In addition, program regulations require joint reviews by the counselor and client of the IWRP and the client's progress toward achieving stated program objectives at least once a year. Whenever significant

changes occur in the client's vocational objective or the planned services, an amendment to the IWRP is required.

When a client has progressed through the rehabilitation program and is "job-ready," a major responsibility of the counselor is placement of the client. In order to provide this service, counselors are expected to seek out contacts with employers in the community and to keep informed of the local job market. Placement services provided to a client might include informing the client of specific job openings, contacting potential employers and investigating suitable job opportunities, registering the client with TEC, and informing prospective employers of the client's job-related abilities and limitations. Once a client has been successfully placed in a job consistent with his or her stated vocational objective, the counselor must continue to supervise the case until it is determined the client has adjusted satisfactorily to the job. Program regulations require that a client must have been suitably employed for at least 60 days before a case record may be closed as successfully rehabilitated. In some instances, counselors may provide post employment services to assist a rehabilitated client to maintain suitable employment. The services to be provided must be planned in writing through an amendment to the IWRP and the need for the services must be fully documented in the case record. At the close of fiscal year 1983, 553 clients were receiving post employment services.

In most cases, VR services are continued until a client is successfully rehabilitated or a determination is made that the vocational rehabilitation goal cannot be reached. Program regulations require that certain procedures must be followed in order to terminate services including consultation with the client regarding the decision, adequate documentation of the rationale for the decision, written notice to the client informing him or her of agency appeal procedures, and at least one review of the decision at the end of a year.

Agency records show that in fiscal year 1983, of 46,513 disabled clients served by the VR program, 14,060 were successfully rehabilitated and placed in employment. The average client service expenditure per rehabilitated client was approximately $1,500. Exhibit 6 shows successful 1983 rehabilitations by major disability group. Prior to rehabilitation, 24 percent of these clients were employed and earned a total of $1,898,231 per month. After rehabilitation, the successfully rehabilitated clients earned a total of $9,484,514 per month. Of the clients who were successfully rehabilitated, 52 percent were severely disabled. The review of

Exhibit 6

SUCCESSFUL REHABILITATIONS BY MAJOR DISABILITY GROUP

PRIMARY DISABILITY GROUP	SUCCESSFUL REHABILITATIONS
Musculoskeletal Impairments (includes spinal cord injuries)	3,767
Deaf & Hearing Impaired	1,009
Mental Illness	4,157
Mental Retardation	709
Learning Disability	297
Other Disabilities	4,121
TOTAL	14,060

the vocational rehabilitation program resulted in one recommendation which could improve the utilization of similar benefits.

Controls over use of similar benefits and client contributions in providing medical services should be reviewed to prevent overpayment by TRC.

As indicated above, federal and state vocational rehabilitation regulations require that the agency give full consideration to "similar benefits," or any appropriate service or financial assistance available to a client under any other program to meet, in whole or in part, the cost of services to be provided by the agency. The purpose of the requirement is to maximize the total amount of vocational rehabilitation services available to handicapped individuals by utilizing other resources to which clients are entitled before spending TRC funds to purchase planned services. For example, in providing medical services to clients, other programs or resources which must first be utilized include private health insurance, medicaid and medicare, state and county hospitals, CHAMPUS (military medical benefits), workers compensation medical benefits, and Crippled Children's Services under TDH. In addition, program regulations provide that the client will be required to participate in the cost of services where the client's income or liquid assets exceed monthly "basic living requirements" established by the agency. Since the largest category of agency client services expenditures are for restoration or medical treatment services, the review focused on whether adequate controls are in place to ensure maximum use of client contributions and similar benefits in providing restoration services, including hospitalization, surgery and medical treatment.

Indications of insufficient controls were identified in a 1982 audit report by the TRC internal audit division following a client services audit of a major hospital provider, the Texas Institute for Rehabilitation and Research (TIRR). The report recommended the agency seek a refund from TIRR of over $150,000 and concluded that the majority of the audit exception amount resulted from "TRC's unawareness of other client similar benefit payments and TRC's willingness to pay for services before other resources had formally denied coverage." The report also recommended development of a TRC/TIRR fiscal procedures manual; implementation of practices designed to improve similar benefit utilization; and strengthened internal control and documentation of client financial participation. While a TRC/TIRR

fiscal procedures manual has been developed and addresses these recommendations designed to prevent overpayment by TRC, similar manuals have not been developed for other large providers.

During the review the agency indicated that the audit was conducted in response to unique problems with the facility and that similar problems were not being experienced with other providers. The agency also stressed that at the time of the audit TRC was operating under a centralized client services budget rather than the current system of individualized counselor budgets. This system, which provides a major incentive to counselors to ensure maximum use of similar benefits in order to conserve funds available to them in their individual budgets, is attributed with producing a significant overall improvement in practices followed in the field.

However, a survey of selected field staff with responsibility for purchasing medical services showed there were inconsistencies in practices and monitoring methods followed to ensure proper application of similar benefits and to prevent overpayment by TRC. Such practices do not appear to be sufficiently addressed in agency procedural guidance available to all field staff so as to ensure adequate consistency in controls maintained. For example, agency procedures do not appear to be adequately defined regarding: 1) providing notice to the service provider of specific similar benefits that must be applied against service charges prior to billing TRC and of the obligation to reimburse TRC if a similar benefit is received after payment by TRC; 2) monitoring whether similar benefits were appropriately applied by the provider before authorizing payment by TRC, including requiring written documentation of denials from other similar benefit resources before authorizing payment by TRC; and 3) monitoring to ensure reimbursement is made to TRC when a similar benefit is identified after payment by the agency. With respect to client contributions, the current rehabilitation services manual defines circumstances under which a client will be required to participate in the cost of services but does not fully cover documentation and monitoring procedures to ensure the client makes the agreed contribution. More guidance would be especially useful to counselors in areas not assigned to one of twelve medical service coordinators whose primary responsibility is arranging for and purchasing medical services for clients. Counselors who must make most purchases of restoration services without coordinator assistance and who do not specialize in this area are unlikely to have developed the same level of controls.

Although TIRR, the subject of the audit cited above, is among the agency's largest client service vendors in terms of dollar volume, reimbursed over $1 million each year, there are approximately 40 hospitals and rehabilitation centers to whom TRC paid over $100,000 in fiscal year 1983. TRC provided 41 percent of clients rehabilitated in 1983 with physical restoration services, and made purchases from about 5700 physicians and 518 hospitals with expenditures for hospitalization and surgery or medical treatment amounting to over $14 million or about 41 percent of total client service expenditures in fiscal year 1983. The tremendous need for medical services among TRC clients and the high costs associated with them, as reflected in these figures, emphasize the importance of maximizing use of similar benefits and ensuring client financial participation agreements are fulfilled. To ensure full compliance with federal and state program regulations regarding similar benefits and client contributions, and to maximize the total amount of medical services available to TRC clients, the agency should review controls over similar benefits use and client contributions. Policies and procedures should be reviewed to ensure adequate guidance is available to all field staff regarding practices to prevent overpayment by TRC and ensure proper application of other resources in providing medical services.

Extended Rehabilitation Services

The objective of the extended rehabilitation services program (ERS), which has operated since 1977, is to provide rehabilitation services, including extended sheltered employment and community residential services, to those persons (excluding those whose primary handicap is blindness) not capable of entering competitive employment but who may achieve maximum personal independence through the provision of such services. Because federal funds cannot be expended for this purpose, the ERS program is supported entirely from state general revenue appropriations, which totalled approximately $2.4 million for fiscal year 1984. TRC uses the state funds to contract for ERS program services with organizations which operate sheltered employment and in some cases semi-independent living programs. Currently, ERS contractors are operating 17 sheltered work programs in Alpine, Austin, Bryan, Dallas, El Paso, Fort Worth, Lubbock, San Antonio, Houston, Wichita Falls, and Sulphur Springs. These programs employ over 600 ERS participants. TRC contracts with five organizations to provide supervised living arrangements generally in residential houses or apartments for over 100 ERS participants in Austin, San Antonio, Lubbock, and El Paso. In addition to sheltered

employment and residential services, ERS funds may also be used to purchase other client services, such as transportation and medical services, generally to enable clients to remain employed.

Agency records show that in fiscal year 1983, the ERS program provided sheltered employment to 626 participants, residential services to 51 participants, and other services such as transportation, medical services and assistive devices such as wheelchairs to 304 participants. The average cost per client per month was $263, estimated to be about 35 percent of the cost of institutionalization.

Responsibility for supervising projects and handling client cases is divided among nine ERS counselors. Six are full-time and three spend some of their time as VR counselors or program managers. The counselors are assigned to specific projects and are generally housed in VR field offices in the same city as the assigned projects. Their major responsibilities include: 1) determining eligibility of applicants; 2) purchasing or coordinating client services; 3) monitoring provision of services; and 4) providing technical assistance to service providers.

Referrals to the ERS program are received most frequently from VR counselors, physicians, and state schools and hospitals. Since the contract agreement with each project specifies a certain number of sheltered employment participants, in the event all contract spaces have been filled when a referral is made, the counselor will generally place the individual on a waiting list until a vacancy becomes available. As vacancies occur, referrals are screened by ERS counselors to determine eligibility based on established criteria. These criteria require that the individual must: 1) have a mental or physical disability which constitutes a substantial handicap to employment; 2) be incapable of entering the competitive labor market due to the severity of the handicap; 3) be able to benefit from ERS; and 4) be a legal resident of the state. Disabilities which may qualify a person for ERS include spine or brain damage, deafness, blindness (as a secondary disability), speech or hearing limitations, mental retardation, autism, cerebral palsy, and developmental disorders. Approximately 60 percent of those served during fiscal year 1983 were physically disabled, 40 percent were mentally disabled, and the majority were multi-handicapped.

In order to make the eligibility determination, the counselor will request available medical and psychological information from the referring source, and where necessary, will purchase needed diagnostic services. Individuals who appear eligible based on the initial screening are placed in probationary employment for a

60-day period. During this time the counselor evaluates the individual's work habits, work tolerance and earning potential. Participants must have the capacity to work six-hour days, five days per week, and the potential to earn approximately 15 percent of the federal minimum wage rate. If probationary employment is successfully completed, the individual is placed in permanent career sheltered employment.

Currently, 645 ERS participants are working in sheltered industries performing a variety of jobs. ERS contractors are responsible for providing meaningful, "real" work for participants, under supervised conditions, generally by seeking out job contracts with private companies or federal, state or local agencies. Types of contract work currently being performed by ERS participants include highway litter pick-up under a contract with the State Highway Department; public lake maintenance under a contract with the Corps of Engineers; city street and park maintenance; sorting, assembly and packaging work with private companies such as Pittsburgh Paint and Glass Industries, Inc.; and janitorial service and lawn maintenance. Contract agreements require that workers be paid a minimum of $.50 per hour. Currently, wages range from $.68 to $3.35 per hour depending in large part on the quality of job contracts secured by the project. In fiscal year 1983, 636 ERS participants worked a total of 646,951 hours. These workers earned $700,720, at an average wage of $1.19 per hour, while producing over $1.9 million in total contract income.

During a participant's career employment, the ERS program manager is responsible for determining the need for and purchasing or coordinating other authorized services. As indicated above, services provided under agreements with ERS contractors may include community residential services, depending on such factors as needs of participants and capabilities of and resources available to the contractor. Where residential programs are in operation, workers are placed in the programs on an as-needed basis, with highest priority given to workers residing in institutions, such as state schools; and to cases where an individual can no longer be cared for at home, due to such factors as the illness or infirmity of parents, or extreme financial hardship. Through these residential services, participants are afforded the opportunity to reside in residential homes or apartments in a semi-independent fashion. Supervision is provided by a house manager who assists residents with such activities as personal hygiene, makes assignments of housekeeping duties and generally monitors household activities. Where necessary,

residents may also receive assistance in handling income and expenditures. An individual living in a residential facility is generally required to contribute toward his or her living arrangements from Supplemental Security Income (SSI) payments, Social Security Disability Insurance (SSDI) payments, workshop earnings, or other forms of income. In addition to contributions from residents and ERS funding, these residences typically receive support from other sources as well, such as HUD and city housing authorities.

In addition to sheltered employment and residential services, other authorized services which may be purchased for clients include transportation to and from the work-site; medical services necessary to enable the individual to remain employed; assistive devices, such as wheelchairs, artificial limbs, braces and hearing aids; and interpreter services. Before purchasing any of these services, the program manager is responsible for assessing the client's ability to pay all or a portion of the cost and the availability of similar benefits, and assisting the ERS worker in applying for them. Since most ERS participants can never live totally independently and will need assistance all their lives, the ERS program manager plays a key role in seeking out services available to participants from other sources and coordinating with other providers, including state and federal agencies such as the Texas Department of Human Resources, the Texas Department of Mental Health and Mental Retardation, and the U.S. Department of Housing and Urban Development (HUD), to reduce duplication and ensure a continuum of services to these multi-handicapped individuals.

Another major responsibility of program managers is monitoring provision of services to ERS participants. The program manager is responsible for monitoring sheltered employment facilities with regard to production activity and quality and quantity of work contracts, and activities at the residential facilities with regard to quality of services. Monitoring is accomplished through site visits and review of reports required to be filed with TRC. ERS program managers generally visit each project a minimum of one to two times per week. Each month the workshop and residential programs must submit daily workshop attendance and housing reports prior to receiving payment and each quarter, must submit operations reports reflecting number of workers employed or ERS residents, wages and gross sales, and identifying progress or problems of participants. Semi-annual worker evaluations and residential services status reports for each participant and budget reports

are also required. Finally, each project must submit an annual financial audit prepared by an independent CPA firm.

In the course of on-site visits to projects, or other contacts, program managers also provide some technical assistance to providers. Program managers are responsible for consulting with and making recommendations to ERS facility staff regarding contract procurement, marketing, public relations and overall program planning of the local operations. In addition, TRC has used the services of a consultant to assist the ERS sheltered industries in obtaining state "set-aside" contracts, improving production by modifying job stations, and using adaptive devices, with the goal of increasing wages for workers and revenue for the sheltered industry. The review of the ERS program resulted in two recommendations that could improve the general efficiency and effectiveness of the program.

Adequate on-site monitoring of ERS projects should be implemented.

TRC contracts out approximately $1.6 million in state funds appropriated for the ERS program. These contracts are with 18 service providers operating sheltered employment facilities which employ over 600 ERS workers and residential facilities which serve over 100 participants. Currently, monitoring of these projects is accomplished in part through in-house reviews of reports filed with the agency. The ERS counselors or program managers also visit the sites at least once or twice a week to monitor operations and to maintain close contact with ERS facility staffs and participants. However, the review showed that despite the indicated frequency of these visits, at no time are ERS facilities evaluated by ERS program managers or other TRC staff according to standard monitoring procedures. The TRC program audit division, which conducts case load audits of the vocational rehabilitation program, began conducting similar audits of the ERS program in 1980. While these audits include random visits to employment and residential facilities, audit reports focus on the performance of TRC field staff assigned ERS program responsibilities based on the review of client case folders rather than the performance of ERS contractors and facility operations. The TRC internal audit division has conducted no audits of ERS facilities to date, although the agency indicated they will be targeted for future reviews. Without standard monitoring procedures for evaluating ERS facilities, there is inadequate assurance that contractors have complied with the terms of the contract and agency standards for operating these facilities.

The need for a documented process of monitoring sheltered employment and residential facilities serving TRC clients has been recognized in the vocational rehabilitation program. Agency policies require that services for vocational rehabilitation clients may not be purchased from such facilities unless they are properly "certified" as meeting TRC standards. Facilities are certified after an on-site survey of the facility is conducted by a TRC program specialist according to a standard monitoring guide. Surveys, conducted annually to ensure continued compliance with TRC standards, include an exit interview with facility staff representatives and result in a written report to the facility with findings and any recommendations for needed improvements. To ensure compliance with contract terms, efficient and effective facility operations, and full accountability for expenditures of state ERS funds, the agency should establish procedures for periodic evaluations of ERS sheltered employment and residential facilities. These procedures should include the use of a standard monitoring guide to ensure consistency in reviews and the preparation of written reports including TRC staff findings and recommendations.

TRC should change the process of funding new ERS projects to provide for appropriate application procedures and review criteria.

Since the establishment of the first ERS projects in 1977, state appropriations for the program and the number of projects have steadily increased. In fiscal year 1984 approximately $139,000 in ERS client service funds has been contracted for four new projects, and two new projects are planned in fiscal year 1985. The review showed that although substantial amounts of state funds are contracted for the operation of new projects, the agency has not developed formal application procedures for organizations interested in seeking funding.

Currently, the process begins when the agency selects a geographic area within which a new project will be established. Generally the ERS program director notifies VR field staff that there are funds available and asks for assistance in identifying and contacting potential project organizers or sponsors. These are usually individuals or organizations with experience and interest in sheltered industries for the handicapped or rehabilitation services generally. Sponsors learn about funds being available through contacts with VR field staff or by word-of-mouth, and contact the Austin office. Informal negotiations are carried on with selected groups who are willing to form a non-profit corporation,

have the ability to enlist community leaders to serve on the board, and can conduct job surveys and identify community resources. Project proposals are evaluated according to informal criteria which relate to leadership qualifications; degree of community support for the project; availability of start-up capital and workshop facilities; availability of potential housing and transportation resources in the community; availability of work for project participants; and the number of prospective clients.

This process is deficient because the informal process used to inform persons of the availability of funds limits the number of groups who apply. Generally availability of funds are made known through a request for proposal (RFP) process. This process is routinely used by TRC in awarding service grants in the developmental disabilities program and in contracting funds for new projects in the independent living program. There was no apparent reason why it should not be used for funding new ERS projects.

Disability Determination Division

The Disability Determination Division (DDD) is responsible for determining eligibility for Social Security disability benefits for residents of Texas. The DDD is 100 percent federally funded and operates under Social Security Administration (SSA) regulations.

As in Texas, the Social Security Administration (SSA) has an agreement with each state to make determinations on disability claims. Approximately 37 other states assign this responsibility to the major agency responsible for vocational rehabilitation services. Twelve are within other agencies, and one state, Arkansas, has established an independent agency for this function.

During the 1984 fiscal year, the division had a staff of 659 full-time employees, including 40 part-time medical consultants and was budgeted approximately $33 million. Staff of the division are located in TRC's central office in Austin. The division is largely self-contained including an administrative support division providing data processing, accounting personnel and other services.

The Disability Determination Division adjudicates disability claims under two federal programs: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI). Social Security Disability Insurance (SSDI) provides cash benefits to eligible severely disabled workers and their dependents. During fiscal year 1983, there were 127,120 persons receiving SSDI benefits in Texas with payments totaling $603.6 million for a monthly average benefit payment of

approximately $400. Supplemental Security Income (SSI) provides financial aid to disabled people who do not have enough social security payroll deductions to qualify for SSDI and whose income and resources fall below a certain level. More than 131,500 persons received SSI benefits with payments totaling $288 million for a monthly average benefit of $182.00 in fiscal year 1983. In addition, approximately $2.5 billion in Medicare benefits were paid to Texas SSDI beneficiaries and $1.5 billion in Medicaid benefits were paid to Texas SSI beneficiaries.

There are three types of claims handled by the DDD. First is the initial claim filed by a person who believes he is disabled. Second is the reconsideration claim filed by a person whose initial claim was denied or whose benefits were terminated. Third is the continuing disability review claim which involves a review of a person already receiving disability benefits to determine whether he is still disabled. Individuals living in Texas who believe they are disabled file a disability claim at the local Social Security district office. Personnel at the district office assist the claimant in completing the necessary forms. The claimant describes the disability, explains past work activity, lists sources of medical treatment, and signs authorizations for release of the information. This information is then forwarded to the Disabilities Determination Division (DDD).

When the claim is received by the DDD, it is assigned to a disability examiner who develops it to confirm the claimant's disability. The examiner is responsible for requesting evidence of the disability from medical sources such as doctors and hospitals or ordering additional evaluations in order to confirm the disability. When all evidence is received the examiner decides whether the individual is disabled and the claimant is notified by the Social Security Administration. If the claimants do not agree with the decision reached by the examiner they may file a claim with the local district office that the claim be reconsidered. The reconsideration claim is then returned to the DDD for further evaluation. During fiscal year 1983, the division made 104,746 initial determinations, and handled 34,636 reconsideration claims. Agency records indicate that approximately 29 percent of the initial claims and 13 percent of the reconsideration claims were approved resulting in payments of about $1.2 billion annually to disabled individuals.

The DDD also conducts medical reviews of individuals already receiving disability benefits to determine if they are still eligible for such benefits. In continuing disability investigations the examiner is responsible for evaluating the

claimant's current medical condition and determining whether the beneficiary continues to be disabled. During fiscal year 1983 the division made 34,203 continuing disability reviews.

The DDD is required to meet a number of performance standards established by the Social Security Administration in connection with the processing of these claims. These standards address the accuracy of the claims determinations made and the time necessary to process those claims. In 1983, the division's accuracy rate averaged 95.7 percent. The division's processing time is currently 39.3 days (SSDI) and 44.2 days (SSI) which ranks first in the Dallas five-state region.

Currently, the nation's disability program is undergoing dramatic change. Congress and the Social Security Administration are striving to lessen the impact of the increased periodic review of continuing disability review cases, enacted in 1980, which resulted in an increase in the number of terminations, producing adverse public reaction. The SSA has curtailed unfavorable decisions on continuing disability review claims involving psychotic impairments until guidelines for evaluating the impairments can be rewritten. They also have begun offering face-to-face hearings to individuals before their benefits can be terminated for medical reasons. In response to these changes the DDD is in the process of decentralizing hearing units in five Texas cities -- Austin, Houston, Dallas, San Antonio, and Lubbock. In addition, the SSA placed a moratorium on periodic review of continuing disability review cases. Disability legislation pending in Congress contains provisions which would decentralize and at least double the size of the present staff. Field offices would also be required in at least five to six cities around the state. No recommendations were made as a result of the review of this program.

Independent Living

The Independent Living program was established in July 1980 in response to amendments to the Rehabilitation Act of 1973. These changes allowed grants of federal funds to go to states to establish and operate independent living centers. The purpose of these centers is to provide comprehensive services for individuals with severe disabilities to enable them to live and function independently in their homes and communities. The program was initially awarded a three-year federal grant in 1980 for $400,000 per year to fund independent living centers in Austin and Houston. In 1981, the program was awarded a three-year federal grant for $150,000 per year to fund centers in El Paso and San Antonio. Finally in 1982, the

program was awarded a two-year federal grant for $200,000 per year to fund a center in Dallas. The federal grants for the five independent living centers are scheduled to expire in fiscal year 1984. In recognition of the need to continue funding of the centers and to bring the levels of funding for the centers located in San Antonio and El Paso in balance with the other centers, the Texas legislature appropriated approximately $1.7 million for program support in fiscal years 1984 and 1985.

Independent living centers were designed to provide only those services not available elsewhere in the community and to help coordinate those services that are available. Although the program is targeted for severely handicapped individuals, there are no specific eligibility requirements and each individual requesting services receives information about resources in the community or within the center which meet the individual's needs. When appropriate, the center staff and the individual jointly develop an initial plan for the provision and/or coordination of services. The plan includes specific goals for the individual and indicates the specific services to be provided. These services typically include training for participants in the skills necessary to live independently. Examples of independent living skills are: exploration of vocational training and education programs; methods of locating, training and working with personal care attendants; rearranging environmental elements to improve personal capabilities; awareness of assistive devices and equipment which are available; and exploration of various public and private modes of transportation. Centers use persons who are severely disabled as peer counselors for individual and group counseling to help clients develop meaningful lifestyles and adjust to society. The centers also act as an advocate in behalf of individuals to acquire medical, social, and financial benefits and services to which the individuals may be entitled, and in behalf of groups of disabled individuals regarding the rights of the handicapped. In addition to these services, the centers may offer other services depending on an individual's needs such as: arranging for an interpreter if the person is deaf; arranging for personal care attendants; identifying barrier free housing units which have personal care attendants; and acting as a clearing house for information on job availability from the Texas Employment Commission.

The agency contracts on an annual basis for independent living services with the five private, non-profit centers. The five centers were selected on the basis of: a survey of existing resources; grant applications submitted in response to a

request for proposal; and a peer review of the applications by the Consumer Consultation Committee of TRC. Based on this information, the agency developed federal grant applications and submitted them to the Rehabilitation Services Administration in response to the federal request for proposals.

In fiscal year 1983, the centers provided services to 1,712 clients and information and referral services only to 4,391 persons. Exhibit 7 indicates the number of clients served by each center for contract year 1983. No recommendations were made as a result of the review of this program.

Developmental Disabilities

Under the Developmental Disabilities and Construction Act of 1970, states were provided federal funding to establish councils which would encourage development of comprehensive plans on a statewide basis to ensure that people with developmental disabilities would receive the care, treatment and other services they need to achieve their maximum potential. This program was established in response to concerns that there were serious gaps in the health system serving persons with developmental disabilities. Federal law defines developmental disabilities as severe, chronic mental and/or physical impairments which occurred before the age of 22 and are likely to continue indefinitely limiting the individual in three or more of the following areas: self-care; self-direction; learning; language; capacity for independence; and economic self-sufficiency. Based on this definition, the agency estimates that there are approximately 240,555 persons in Texas with developmental disabilities.

The Texas Planning Council for Developmental Disabilities, first established in 1971 by executive order and later authorized by statute, is a planning body composed of 25 members including persons with developmental disabilities; immediate relatives or guardians of persons with developmental disabilities; and representatives of the principal state agencies, higher education training facilities, local agencies, and non-governmental agencies and groups concerned with services to persons with developmental disabilities. At least 50 percent of the council membership must consist of persons with developmental disabilities or the immediate relatives or guardians of such persons. Members were appointed by the governor for six year terms. The Texas Rehabilitation Commission on behalf of the council awards grants to public and private non-profit agencies to establish model programs which provide direct services as well as demonstrating innovative rehabilitation techniques and training personnel to work with this population.

Exhibit 7

TEXANS SERVED BY INDEPENDENT LIVING PROGRAMS
Fiscal Year 1983

Independent Living Center	TRC Grant Award	Clients Served	Information & Referral Only
Austin Resource Center for Independent Living	$ 200,000	241	723
Houston Center for Independent Living	200,000	982	996
San Antonio Independent Living Services	75,000	77	641
El Paso Opportunity Center for the Handicapped	75,000	232	1,356
Dallas Resource Center for Independent Living	200,000	180	675
TOTALS	$ 750,000	1,712	4,391

Federal and state law require the governor to designate a state agency to provide the council with supervision and support services. The Texas Department of Mental Health and Mental Retardation filled this role until January, 1983 when the governor transferred this responsibility to the Texas Rehabilitation Commission. Currently, TRC employs an executive director and 12 staff members to carry out the activities of the council.

The federal legislation makes funding available from the federal Department of Health and Human Services to the administering agency, TRC. In fiscal year 1984, the council received approximately $2.2 million in federal funds. By federal law, a minimum of 65 percent of the funds for the council must be spent for grants to nonprofit organizations and agencies who will provide services for persons with developmental disabilities. In fiscal year 1984, the agency reports that $1.8 million or 80 percent of all funds was awarded to 42 grantees. The remaining funds may be used for administering program costs of the council and staff, and for planning grants. This portion of council funds must be matched in a 75/25 percent state or local funding ratio. Since no state matching funds are appropriated, the match requirement is met by requiring matching rates for the grantees in excess of the 25 percent minimum. It is reported by General Counsel that federal regulations concerning matching will change so that the administering agency will no longer be able to use the excess match in any one grant to satisfy a shortage in matching funds from another grant or to provide match support for council and staff expenses. As a result, TRC is currently requesting $224,000 in state funds for each year of fiscal years 1986 and 1987 to provide matching funds for the state administration of the program, and to provide matching funds for grantees who cannot meet the 25 percent match requirement.

The council's primary responsibilities can be divided into the following functions: evaluating and monitoring existing services for persons with developmental disabilities; planning in order to fill service gaps; supporting model projects in priority areas through grants; and advocating on behalf of those with developmental disabilities. Of these four functions, the council has historically focused their attention towards providing grants.

Federal legislation stipulates that 65 percent of the council's federal funds must be allocated for grant projects on one or, at the state's option, two of the following priority areas: child development services - to impact or assist efforts to prevent, identify and alleviate developmental disabilities in children; alternative

community living arrangement services - which help the developmentally disabled to maintain suitable living arrangements; non-vocational social development services - which assist disabled persons in performing daily living and work activities; and case management - which makes it easier for developmentally disabled persons to gain access to social, medical, educational, and other services. The grantees are used as demonstration projects which work with the council to encourage others throughout the state to establish and fund similar programs. From 1971 to 1983, the projects funded were in the priority areas of child development and alternative community living arrangements. Grants were provided to more than 125 projects across the state. Many of the programs sent trainers into the homes of disabled persons and demonstrated exercises and therapy which parents then used to help their developmentally delayed children. Some programs served as clearinghouses for high risk handicapped children, linking parents and professionals with needed services available in the community. Other projects made it possible for many adults with developmental disabilities to live for the first time in supervised apartments within the communities. These were individuals who had previously lived in institutions or their parents' homes.

Beginning in fiscal year 1984, the council recommended continued funding for alternative community living projects, but redirected the child development funding to non-vocational social development services. This change in priority came as a result of passage of a state law creating the Texas Program for Early Childhood Intervention Services. Projects in the non-vocational social development area assist developmentally disabled persons in making the transition from childhood to adulthood. Programs are designed to enhance independent living skills in preparation for vocational goals and lifetime activities. In fiscal year 1984, $344,041 in continuation grants was awarded for child development services, serving approximately 1,350 children, and $449,167 in new grants was awarded for non-vocational social development projects, serving approximately 1,028 individuals. During the same fiscal year, $309,540 was awarded in new grants and $568,538 in continuation grants for alternative community living projects which served approximately 695 adults.

Based on the goals and objectives established by the council, funding of priorities for direct service grants are developed and disseminated state-wide. Grantees are selected through a Request for Proposal (RFP) process. Requests for proposals are published in the Texas Register and mailed out to public agencies,

nonprofit organizations, and institutions of higher education which are eligible to apply for project grants.

All grant applications received undergo both a technical and a competitive review process. The technical review conducted by council staff, examines the extent to which a proposal meets basic criteria with regard to completeness and conformance to funding priorities. Proposals meeting all technical review criteria are forwarded to a review panel made up of volunteers who have experience in the field of developmental disabilities as either consumers or providers of services, and may not be recipients of grant funds. Results are forwarded to the commissioner of TRC for a recommendation to fund or not fund. In the event an applicant does not receive funding, TRC has established a formal appeals process.

Since grants are funded for periods of one to three years, each year a grant is to continue, the grantee must submit a new workplan for review by council staff and TRC. The total funds requested by all continuation grants provide the basis for determining funds available for new grants. Funding is not on the grant award anniversary if: adequate federal funds are not available to support the project; the recipient has not complied with the terms and conditions of the award; the recipient's performance of the project is unsatisfactory; the federal government's interest is not adequately protected; or the council's funding priorities have changed.

TRC has an on-going monitoring system, which includes on-site visits to evaluate projects' programs and fiscal accountability. Site visits are made by council staff, at least once a year, to review program accomplishments and management control systems, provide technical assistance as needed, and determine whether or not services are being delivered according to the goals, objectives and procedures of the approved grant application and workplan. As the administering agency, TRC is charged in federal law with the responsibility for all council funds. One auditor from TRC's internal audit division is assigned to conduct financial and compliance audit on projects and provide program monitoring technical assistance to council staff.

Planning activities of the council have been primarily in the form of "grants" or financial support and development of the council's state plan. Planning grants are awarded for the purpose of developing materials that will strengthen and improve the entire developmental disabilities program or to facilitate service delivery. During the 1983 fiscal year, the council supported seven planning grants

totaling $309,693 or 14.6 percent of total funds available. Planning grants awarded during the 1983 federal year are shown in Exhibit 8. Currently, grants awarded for planning or research do not follow the same process established for priority area service grants which is based on a request for proposal process. Instead, the council receives unsolicited letters and proposals year-round from consumer and service provider organizations who make suggestions or elicit support for planning or research activities. Suggestions are reviewed by the council's planning committee as well as the full council and all recommendations are submitted to the TRC commissioner for final action.

The council is mandated by federal and state law to act as an advocate for persons with developmental disabilities, as well as serving as a channel for concerns by consumers. The council through its advocacy committee monitors the progress of bills affecting the state's disabled population. The committee has supported legislation in all the major areas affecting the disabled. The council has also provided start-up funds for consumer organizations such as the Texas Society for Autistic Citizens and the Epilepsy Association of Texas. In addition, the council is establishing a public information campaign to educate the public about activities of the council and issues affecting persons with developmental disabilities. As part of this campaign, the council has developed a brochure, press releases, public service announcements for television, slide presentations, and their newsletter "Highlights". The review of the developmental disabilities program resulted in one recommendation which could reduce conflict and duplication with the federal law authorizing this program.

The council's statute should be changed to eliminate all language which duplicates or conflicts with provisions contained in federal law and to require that the governor appoint the chairperson of the council.

The Developmental Disabilities Council was created by and operated under executive order from 1970 to 1983, when the current state statute under which the agency operates was enacted. One purpose in establishing the agency in statute was to provide for delegation of special projects and responsibilities to the council by the governor and legislature. An example of the type of special projects assigned to the council include providing administrative and staff support to the Autism Task Force created by the 69th Legislature to study previous legislation

Exhibit 8

COUNCIL FOR DEVELOPMENTAL DISABILITIES
PLANNING GRANTS AWARDED IN FY 1983

	Organization	Amount	Purpose
1.	United Cerebral Palsy of Texas	$44,215	To plan and implement an information and referral program for persons with cerebral palsy and their families;
2.	Texas Council on Crime and Delinquency	$42,000	To study the needs and resources of developmentally disabled adult offenders in Texas and develop model programs as alternatives to prisons;
3.	The Association for Retarded Citizens in Texas	$35,026	To develop, publish and disseminate a research manual clarifying the Texas implementation of a community care waiver program;
4.	University of Texas at Arlington	$35,000	To conduct a survey of governmental agencies and private organizations in Texas which provide services to individuals with developmental disabilities; to determine the use and effectiveness of computerized equipment in providing the services;
5.	Advocacy, Incorporated	$80,627	To conduct a series of public forums to receive information on gaps in services for persons with developmental disabilities and to expand networking among consumers;
6.	University of Texas at Arlington	$50,000	To conduct a survey to determine the demographics of persons with developmental disabilities in Texas;
7.	Texas A&M University	$22,825	To survey state agencies in 10 states to determine the types of nonvocational services that these states have included in their developmental disabilities program.

and recommendations to the legislature relating to services for persons with autism, and to prepare a report of their findings to the legislative session in 1985.

The review showed that current statutory language tracks federal law and is unnecessarily specific. The federal law is currently under review by Congress, which is considering legislation to change the focus of the council. To avoid a conflict in council responsibilities resulting from amendments to the federal act, the state law would need to be reviewed and revised continually to keep it in line with federal law.

In addition, the state statute contains language which conflicts with provisions in federal law. Current language authorizes the council to develop the state plan to implement the program for developmentally disabled individuals. This provision is in direct conflict with federal law which requires the council and the administering agency to jointly perform this function. The council's statute should be changed to eliminate language which duplicates or conflicts with federal law while continuing to authorize the council to perform special projects or responsibilities in concert with federal law at the request of the governor or legislature.

The review also indicated that the council's members currently elect a chairperson each year from among their membership. The membership selection procedure for many state agency policy-making bodies is for the governor to select the chairperson. Such a procedure helps to ensure a continuity of policy from the state's chief executive down to the various agencies providing services to the citizens of the state. A review of the policy issues related to the council's operations did not indicate any reason to deviate from this practice. It is therefore recommended that the statute be amended to provide for selection of the chairperson by the governor and to delete the reference to a one-year term.

EVALUATION OF OTHER SUNSET CRITERIA

The review of the agency's efforts to comply with overall state policies concerning the manner in which the public is able to participate in the decisions of the agency and whether the agency is fair and impartial in dealing with its employees and the general public is based on criteria contained in the Sunset Act.

The analysis made under these criteria is intended to give answers to the following questions:

1. Does the agency have and use reasonable procedures to inform the public of its activities?
2. Has the agency complied with applicable requirements of both state and federal law concerning equal employment and the rights and privacy of individuals?
3. Has the agency and its officers complied with the regulations regarding conflict of interest?
4. Has the agency complied with the provisions of the Open Meetings and Open Records Act?

EVALUATION OF OTHER SUNSET CRITERIA

This section covers the evaluation of the agency's efforts in applying those practices that have been developed to comply with the general state policies which ensure: 1) the awareness and understanding necessary to have effective participation by all persons affected by the activities of the agency; and 2) that agency personnel are fair and impartial in their dealings with persons affected by the agency and that the agency deals with its employees in a fair and impartial manner.

Open Meetings/Open Records

The review of this area indicated that the commission has generally complied with the provisions of the Open Meetings Act and the Open Records Act. Timely notices of commission meetings are filed with the Office of the Secretary of State. Executive sessions held by the commission appear to be properly announced and are used to discuss permissible topics, such as personnel matters and matters involving agency litigation.

Client records in the agency have been designated as confidential. Authorization for this designation comes from both state and federal statutes. The agency's executive director is given the authority to establish procedures protecting client records and confidential information. Agency procedures for maintaining and disposing of client records, to secure confidentiality, are contained in the agency's administrative operating procedures manual and the rehabilitation services manual. Information considered confidential by the commission includes the names of persons applying for or receiving rehabilitation services or any other information contained in those individuals' records. The review indicated this approach is consistent with provisions contained in other health service agencies and due to the sensitive nature of the information, it is generally considered appropriate to designate these records as confidential. The agency appropriately considers all other records of a general, non-confidential nature as open and available to the public.

EEOC/Privacy

A review was made to determine the extent of compliance with applicable provisions of both state and federal statutes concerning affirmative action and the rights and privacy of individual employees. The agency is currently operating under an equal employment plan developed by the agency. The plan is contained in

the agency's civil rights manual and is available to any employee through the unit supervisor. The commission's Office of Civil Rights has developed a training program for all TRC employees to provide them with information on laws and executive orders related to discrimination associated with employment and the delivery of services to clients; to provide information about enforcement authorities and appeal processes to handle discrimination matters; and to identify discriminatory practices and situations and how to deal with them in the most appropriate manner. Recommended changes in the plan are made annually by the director of the Office of Civil Rights. This office also provides assistance in recruitment of protected groups such as women and racial minorities. Employee grievances are handled in accordance with formal procedures established in the TRC personnel manual and referenced in the employee handbook.

A review of charges of discrimination or unfair employment practices filed against the agency since 1981 indicated that 13 complaints had been filed, of which one resulted in a conciliation agreement. While the agency's work force continues to have a predominance of white males in professional positions, the agency has increased the number of minorities employed from 18 percent in fiscal year 1972 to 27.6 percent in fiscal year 1984. The agency is also in the process of developing an automated system to maintain statistics on employees and applicants of TRC who have a handicapping condition. At the beginning of fiscal year 1984, the agency indicated that 18 percent of their work force were handicapped.

Public Participation

The agency's policies and practices were reviewed to determine whether the general public and those affected by the agency have been kept adequately informed of these activities, and have been provided an opportunity to participate in the policy formulation process. The results of the review indicated that, in general, the public and the consumers have had adequate access to information and opportunities to provide input into agency processes.

Information related to the various programs operated by TRC are disseminated through the agency's Public Information Office. This office produces and disseminates a variety of public information materials such as a monthly newsletter, an annual report, brochures, public service announcements for radio and television, display booths, and newspaper articles. In addition to requests from the general public, the commission maintains contact with consumer advocates and

other interested parties, such as other state agencies or organizations involved in the field of rehabilitation, on a regular basis through consumer letters.

The commission encourages public participation in its activities and policy-making process primarily through its consumer consultation and medical consultation committees. The consumer consultation committee is currently composed of 18 members who receive or provide rehabilitation services or are otherwise involved in the field of rehabilitation. The medical consultation committee serves to keep the commission abreast of new medical procedures, equipment, and varying economic situations which might affect TRC clients receiving medical treatment. The 16 member committee is composed of physicians of the various medical specialties that are most commonly used for physical restoration, as well as a clinical psychologist, a hospital administrator, and a dentist. Meetings of the TRC board, consumer consultation committee and medical consultation committee are open to the public. The majority of these meetings are held in Austin, although, on occasion committees have met in other locations.

Conflict of Interest

The review indicated that the commission has established adequate procedures for making members and employees aware of their responsibilities under conflict-of-interest statutes. These statutes are distributed to new board members and employees, along with relevant attorney general opinions. The commission has also adopted policies regarding employees working or conducting professional activities outside the agency on matters related to the responsibilities of the agency. Employees are informed of these policies in the employee handbook and the personnel manual. The review also indicated that all required disclosure affidavits have been filed with the Secretary of State, and revealed no conflict of interest.

ALTERNATIVES

The analysis of whether there are practical alternatives to either the functions or the organizational structure are based on criteria contained in the Sunset Act.

The analysis of alternatives is directed toward the answers to the following questions:

1. Are there other suitable ways to perform the functions which are less restrictive or which can deliver the same type of service?
2. Are there other practical organizational approaches available through consolidation or reorganization?

ALTERNATIVES

As part of the review of this agency, the functions performed by the agency were evaluated to determine if alterantives to current practices were available. State agencies with functions similar to those performed by this agency were reviewed to determine if they had developed alternative practices which offered substantial benefits and which could be implemented in a practical fashion. In addition, the practices of other states were reviewed in a like fashion and it was determined that their practices were similar to those of Texas. It was concluded that practical alternatives to the current structure do exist, and they are discussed below.

Transfer the Crippled Children's Services Programs from the Texas Department of Health to the Texas Rehabilitation Commission.

The Texas Department of Health's Bureau of Crippled Children's Services functions primarily to provide needed medical assistance to Texas children. Four programs are operated within the Bureau: the Crippled Children's Services Program, the Supplemental Security Income-Disabled Children's Program (SSI-DCP), the Hemophilia Assistance Program and the Epilepsy Program. The major program within the Bureau is the Crippled Children's Services Program with a staff of 64 and a fiscal year 1984 budget of approximately $36.6 million in state (90 percent) and federal (10 percent) funds. The program serves eligible children under age 21 with certain disabilities including crippling bone or muscle conditions, neurological disorders, cancer, epilepsy, cystic fibrosis, hemophilia and birth defects whose condition can be expected to improve as a result of treatment. When financial need criteria are met, the program arranges and pays for rehabilitation services including evaluation and diagnostic services, medical treatment, transportation to and from treatment, and such equipment as wheelchairs, braces and artificial limbs. The SSI-Disabled Children's Program, with a staff of 64 and a fiscal year 1984 budget of about $1.9 million in federal funds, serves children under 16 with serious handicapping conditions such as cerebral palsy, mental retardation, cystic fibrosis, and degenerative and terminal illnesses who are eligible for supplemental security income. CCS staff have no responsibility in determining program eligibility. Financial eligibility is decided by the district social security office and physical eligibility is determined by TRC. On referral to TDH,

caseworkers in TDH field offices work with the child's family, providing counseling, case management and follow-up services. The two smaller programs under the Bureau, with a combined budget of about $530,000 provide medical assistance services to adult hemophiliacs and persons of any age with epilepsy.

Unlike other Health Department programs which are directed primarily toward protection of the public health through prevention of disease or other health hazards, the primary goal of programs under the Crippled Children's Services Bureau is physical restoration or rehabilitation of disabled Texans, primarily those under age 21. The review showed that prior to 1945, the CCS program was combined with the state's vocational rehabilitation (VR) program under the rehabilitation division of the Texas Education Agency. Currently, the Texas Rehabilitation Commission is not only providing the same type of medical assistance and case management services under the VR program, it is also serving a portion of the same population: disabled Texas children from 16 to 21 years of age, as well as adults with hemophilia and epilepsy. TRC records show that, in fiscal year 1983, approximately 22 percent of all VR clients successfully rehabilitated, or about 3,000 clients, were under 21 years of age. The VR program may begin providing services to handicapped persons as early as age 16, which is generally considered the earliest age at which criteria relating to employability can be met. As indicated, TRC already plays a role in the SSI - Disabled Children's Program in determining the child's physical eligibility for supplemental security income. In view of the identified similarities in functions and populations served, and the potential for overlap and duplication, the review sought to determine whether the transfer of CCS programs to TRC would result in more efficient and effective service delivery. The review identified a number of benefits to be gained from such a transfer.

As indicated, the two agencies are currently serving an overlapping population of disabled Texans from about 16 to 21 years of age. Although TRC considers CCS as a similar benefit, and attempts to utilize CCS funds to pay for medical services to TRC clients under 21 whenever possible, the transfer of CCS to TRC would likely result in improved coordination of services to this age group. Such a transfer would place administrative responsibility for two major programs with the common objective of rehabilitating disabled Texans under one agency. With responsibility for both CCS and VR programs, TRC as the primary rehabilitation agency of the state, could better provide the needed continuum of rehabilitation

services to Texans born with disabling conditions or disabled in childhood. The combination of both programs in one agency would facilitate identification of disabled children approaching working age in need of VR services, and provide greater assurance that more referrals for VR services would be made and services initiated at the earliest opportunity. Early involvement in the VR process is generally considered key to optimum rehabilitation results. The danger in the current system is that some disabled children in need of VR services, especially the severely disabled, are not referred for such services in a timely manner, and get involved in the VR process too late, or perhaps not at all.

Through experience in providing medical treatment and case management services, TRC has developed highly efficient methods of administration for dealing with similar problems to those faced by the CCS Bureau. For example, the maximum fee schedule developed by TRC for use in controlling the costs of medical services has been adopted by TDH for use in the CCS program. While TRC has not been involved in providing medical and case management services to infants and young children, there is no reason to believe the agency could not develop the needed expertise. Also, TRC has an existing network of field offices with over 300 counselors. This network could be used in administering the CCS programs, particularly in providing critical counseling, case management and follow-up services to eligible Texas children across the state.

Finally, if CCS programs were transferred there is some potential for cost savings due to improved coordination of VR and CCS services to the "overlapping" 16 to 21 year old age group eligible for both programs. Potentially, one result could be more state CCS funds expended on disabled Texans under 16. Currently, 90 percent of CCS program funds are state general revenue appropriations and 10 percent are federal funds available under the Maternal and Child Health Block Grant authorized under the Social Security Act. It appears that these federal funds would continue to be available for the CCS program if it were transferred to TRC. Although the block grant is currently administered by TDH, it appears that provision could be made, for example through an interagency agreement between TDH and TRC, for TRC to administer that portion of the grant allocated to CCS so that these federal funds would not be lost.

OTHER POLICY CONSIDERATIONS

During the review of an agency under sunset, various issues were identified that involve significant changes in state policy relating to current methods of regulation or service delivery. Most of these issues have been the subject of continuing debate with no clear resolution on either side.

Arguments for and against these issues, as presented by various parties contacted during the review, are briefly summarized. For the purposes of the sunset report, these issues are identified so they can be addressed as a part of the sunset review if the Sunset Commission chooses to do so.

OTHER POLICY CONSIDERATIONS

This section covers that part of the evaluation which identifies major policy issues surrounding the agency under review. For the purpose of this report major policy issues are given the working definition of being issues, the resolution of which, could involve substantial change in current state policy. Further, a major policy issue is one which has had strong arguments developed, both pro and con, concerning the proposed change. The material in this section structures the major question of state policy raised by the issue and identifies the major elements of the arguments for and against the proposal.

Should functions of the Governor's Committee for Disabled Persons and the Council on Disabilities be transferred to the Health and Human Services Coordinating Council.

The review showed that a multiplicity of state agencies have been established to provide services to disabled persons and to function as advocates of the disabled or of particular disability groups. Major agencies include the Texas Rehabilitation Commission (TRC), State Commission for the Blind (TCB), Texas Commission for the Deaf (TCD), Texas Commission on Alcoholism (TCA), Texas Department of Human Resources (TDHR), Texas Department of Mental Health and Mental Retardation (TDMHMR), Texas Department of Health (TDH), and the Texas Education Agency (TEA). In addition, a number of other agencies have been established with responsibilities relating to disabled persons, including the 16-member Governor's Committee for Disabled Persons (GCDP), the 21-member Council on Disabilities (COD), and the 19-member Health and Human Services Coordinating Council (HHSCC). Major responsibilities of these agencies relate to inter-agency service coordination, long-range service planning, state-wide policy development, research and studies, and public information rather than actual service delivery. It has been suggested that these mandates could be accomplished more efficiently and effectively through one policy body, and specifically that efforts of the GCDP and the COD could be consolidated under the Health and Human Services Coordinating Council.

The current compositions of the three policy boards of these agencies is shown below:

HHSCC - 19 Members	COD - 21 Members	GCDP - 16 Members
governor, lieutenant governor, speaker of the house	board selected representative of:	eight disabled persons
board chairmen of :	*TDHR	eight general members
*TDHR	*TDH	four ex-officio members representing:
*TDH	*TDMHMR	*TEC (chairman of the board)
*TDMHMR	*TEA	*TRC (commissioner)
*TEA	*TRC	*TCB (executive director)
board chairmen of two health and human service agencies selected by the governor:	*TCD	*Secretary of State's Office
*Texas Department of Community Affairs	*TCB	
*Juvenile Probation Commission	*TDoA	
two senators	*TCA	
two representatives	three providers of direct services to the disabled	
six public members	three disabled persons	
	three public members	
	one senator	
	one representative	
	chairperson	

The Health and Human Services Coordinating Committee (HHSCC) was created in 1983 to address problems in planning and coordinating health and human service delivery by multiple public and private agencies at federal, state and local levels. Mandates of the agency include: 1) conducting and contracting for studies of health and human services, including consideration of problems of target populations and issues of multi-agency service delivery; 2) serving as the primary state resource in coordinating and planning for health and human services; 3) reviewing state health and human service policy, including the impact of federal policies, and making needed recommendations to the governor and legislature; and 4) providing a central information and referral source. The council has a staff of five, and a budget of approximately $95,000 for fiscal year 1985.

The Council on Disabilities (COD), also established in 1983, has similar planning and coordinating functions but is more narrowly focused on health and human service delivery to the disabled. Council duties include monitoring implementation of a long-range state plan for the disabled; promoting the development and coordination of statewide policies and services for the disabled; and promoting a compilation of laws relating to disabled persons and a demographic

study to accurately identify the Texas disabled population. The compilation of laws is actually being carried out by the Legislative Council, and the demographic study will be conducted by TRC if the funding for the study requested by the agency for fiscal year 1986 is approved by the 69th Legislature. No appropriations have been made to COD although a fund account has been established for the agency to receive donations. COD is authorized to use the existing staff of an appointed official or agency, and TRC has been designated as the lead support agency.

The Governor's Committee for Disabled Persons was originally established as the Governor's Committee for Employment of the Handicapped to promote the employment of and employment opportunities for the disabled through the creation of local volunteer committees to conduct job fairs, job banks and other projects to promote job opportunities at the local level. The committee also sponsors an employment conference and awards program to recognize outstanding handicapped employees, as well as employers of disabled persons. Additional responsibilities of the committee include: 1) a communications conference and awards program focused on promoting public awareness of disabled persons through the media; and 2) an information and referral service for the disabled, for which additional appropriations are being requested. The mandates relating to planning and coordination were also broadened. TRC serves as the administrative support agency to GCDP, which has a staff of six and a budget of approximately $250,000 for fiscal year 1984.

Under the proposed consolidation, the 21 and 16-member boards of COD and GCDP respectively would be merged into a single 14-member advisory committee to HHSCC. The committee would retain representation of the disabled and provider groups, and state agencies now included on the boards of COD and GCDP but not represented on the board of HHSCC. The 14-member advisory committee would include representatives of TRC, TCD, TCB, TDoA, TCA and the Secretary of State's Office, as well as TEC, the School for the Deaf and the School for the Blind; three providers of direct services to the disabled (excluding the agencies represented); and three disabled persons. Under the proposal, COD and GCDP would cease to exist as independent agencies, their functions would be added to the existing duties of HHSCC, and the staff of GCDP would be merged into the existing administrative structure of HHSCC. Only those functions of GCDP

relating specifically to employment of the handicapped would not be transferred to HHSCC but instead would be assumed by TRC.

Proponents of the proposal argue that since a number of agencies are represented on all three boards, and disabled persons are serving on two, the proposal would reduce the overlapping membership which currently exists while maintaining adequate representation, through the advisory committee, of disabled persons and providers of services to the handicapped. The advisory committee would ensure input to HHSCC from these key groups. It is argued that there is no need for three separate policy boards to perform the duties of these agencies, and that consolidation with HHSCC is appropriate since the functions of GCDP and COD are consistent with the broad mandates of HHSCC relating to health and human services coordination, planning, policy development, studies and public information. Although under current law COD will add to its duties the role of advisory committee to HHSCC beginning in fiscal year 1986, COD will remain an independent agency. Proponents of consolidation contend there is no justification for maintaining a separate policy board, apart from HHSCC to focus on development and coordination of health and human services to the disabled, and that in fact the multiple agencies detract from the effectiveness of HHSCC. Furthermore, HHSCC has an existing staff which, supplemented by funding now appropriated to GCDP, could provide administrative support in performing the combined functions. Currently, no provision is made in the law for staff support as a part of the COD structure. Although TRC has been designated as the lead agency in providing staff assistance to COD, TRC receives no funding for this purpose.

With respect to GCDP, it is argued that most of its functions could be effectively carried out by HHSCC, with assistance and input from the proposed advisory committee, and should be transferred. Under the consolidation proposal functions oriented toward initiating community level action to promote employment of the handicapped, other than the visually handicapped could be carried out by TRC. Proponents argue that TRC could perform these functions as a type of placement service under the VR program. Currently, the Texas Commission for the Blind performs similar functions through an employment unit, supported by VR program funds, which operates to increase employment opportunities for the blind or visually impaired in addition to placement services provided by counselors. Since TRC could support these functions with federal funds, abolishing GCDP and

transferring these functions to TRC's VR program could produce a cost savings of up to $45,000 in general revenue appropriations.

In opposition to the proposed consolidation, it is argued that HHSCC as well as COD have been in operation less than one year, and that more experience with the two agencies is needed to fully evaluate the effectiveness of the current structure. The two agencies were established under a single bill, S.B. 711, enacted by the 68th Legislature. Proponents argue that COD was established as a separate policy body by that legislation in order to better focus on the needs of the handicapped and to carry out discrete functions, such as promotion of a compilation of laws relating to the disabled, which are more narrowly focused and not readily compatible with the broad interagency service coordination, planning, and study mandates of HHSCC. They contend COD should remain a separate policy body in order to continue to focus needed attention on concerns of the handicapped while serving in an advisory capacity to HHSCC beginning in fiscal year 1986 as provided under the law. It is argued the current composition of the board, which brings together in one policy body representatives of major agencies serving the disabled, as well as other service providers and disabled persons is key to accomplishing the mandate of improved interagency coordination and planning of services to the disabled, which could not be as effectively accomplished by HHSCC which does not include such broad representation of service agencies or disabled persons. Also, since COD can use the existing staff of an appointing official or agency to assist the council, it can draw upon a broad pool of expertise for assistance in performing its duties.

With respect to GCDP, opponents argue that the policy board, with broad representation of disabled persons, plays a critical role in accomplishing the agency's mandates relating to promoting employment and awareness of the needs of the disabled. They contend that the proposed advisory committee would have less of an impact in ensuring the mandates are effectively met, and that the HHSCC which would assume direct responsibility for these functions, lacks the necessary disabled representation. In addition, it is argued that the orientation of HHSCC toward broad human service planning and policy development, and coordination at federal, state and local levels is not in keeping with a primary focus of GCDP: promoting action at the community level. With respect to a transfer of employment - related functions to TRC, it is argued that while TRC's VR program includes placement services for disabled clients, the agency lacks experience in

such functions as initiating local volunteer action to promote employment of all handicapped persons. Finally, opponents argue that if functions of GCDP were transferred to HHSCC and TRC, they may have a lower priority when placed with other responsibilities of these agencies, and become much more limited.

Should vocational rehabilitation be included as a benefit under the Texas Workers' Compensation Act.

Currently, vocational rehabilitation is specifically excluded as a benefit available to injured and permanently disabled workers under the state workmen's compensation law. The act defines the benefits which must be made available to workers injured on the job by employers covered by workmen's compensation insurance. In addition to compensation payments, the act provides that injured workers are entitled to medical care, including "treatments necessary to physical rehabilitation" such as provision of prosthetic devices or physical therapy, but "no other phase of vocational rehabilitation." The law directs the Industrial Accident Board, which has responsibility for administering the act, to analyze each notice of injury, and if vocational rehabilitation is needed, to inform the worker of the services available to him under TRC. TRC receives approximately 4,000 workers' compensation referrals each year and is currently working with about 4,000 clients with workers' compensation coverage. Because vocational rehabilitation is not a benefit guaranteed under the act, workmen's compensation insurance is not obligated to cover the costs of any services provided by TRC to these clients, other than medical services.

Since publication in 1972 of the Report of the National Commission on State Workmen's Compensation Laws recommending inclusion of vocational rehabilitation under state worker's compensation systems, many states have done so. Today 23 states have some form of vocational rehabilitation included under their laws. Those in support of encorporating vocational rehabilitation as a benefit under the Texas law argue that if the workers' compensation system is intended to protect workers against the losses resulting from work-related injuries, that protection is incomplete when available benefits under the system include only financial compensation and medical services. It is argued that restoring the injured worker's competitive earning ability should be a basic objective of the worker's compensation program, and that provision of adequate vocational rehabilitation services is essential to achieving that goal. It is contended that the employer's and insurer's obligation under the law should be extended to providing these benefits which are

at least as important as cash benefits, considering their permanent and long term value. In addition, if vocational rehabilitation was incorporated as a benefit under the law, it is likely that more injured workers would be referred by IAB for vocational rehabilitation services and at an earlier date after the injury occurred. Such early involvement in the rehabilitation process by the injured worker is considered key to successful rehabilitation. Through delay in beginning the process, negative, unhealthy attitudes regarding return to work are more likely to become permanent and are extremely difficult to overcome. Proponents also argue that because early involvement produces better rehabilitation results and promotes earlier returns to work, it can also result in cost savings to the insurer.

TRC estimates that if vocational rehabilitation were included under the act, referrals to the agency would increase by about 2000 a year, nearly double the current level. While additional counselors would be hired to work with these cases, the agency does not anticipate increased administrative costs to TRC since the expense of these counselors would be recovered through reimbursement by workers' compensation insurers. Insurance carriers would be charged on an hourly fee basis for counselor time on approved cases and for other approved services. Should vocational rehabilitation be included as a benefit, the agency estimates a savings of roughly $2 million per year in state and federal vocational rehabilitation service funds. This savings would be due to that amount being paid by workers' compensation insurance coverage.

Opponents argue that employers' liability for work-related injuries should not be expanded to cover vocational rehabilitation programs for injured workers, which often take years to complete and require huge expenditures of funds. Opponents cite the difficulty of establishing adequate controls to appropriately limit rehabilitation benefits. It is contended by many that even though including vocational rehabilitation under the law may be appropriate, there is a need for continued study to resolve such issues as: 1) whether TRC should be the sole provider of vocational rehabilitation services, or whether referrals should be allowed to private rehabilitation providers as well; 2) how to appropriately limit covered costs, for example by setting a ceiling for rehabilitation costs and/or a time limit for provision of vocational rehabilitation services; 3) whether employer approval of vocational rehabilitation plans should be required; and 4) how to define responsibilities of the Industrial Accident Board for supervising and implementing the program.

Should state funds be appropriated to fund comprehensive medical rehabilitation services to Texans with catastrophic spinal cord injuries.

There are currently an estimated 12,565 persons in Texas suffering from catastrophic spinal cord injuries, with approximately 500 to 600 new spinal cord injuries each year. Almost all spinal cord injuries require a range of medical services following stabilization of the patient's condition. These services include physical and occupational therapy; patient education in nutrition, respiratory management and self-care; provision of orthotic and prosthetic devices; and medical management by physicians skilled in physical medicine and rehabilitation. Experience has shown that early admission to a rehabilitation hospital, where the patient will be treated under such a comprehensive approach, is critical to restoring the patient to the optimum level of functioning and to preventing recurring medical problems.

Currently, the cost of such a treatment program at a rehabilitation hospital is extremely high. Costs for treatment generally run $600 to $700 a day and can continue for several months. Many patients do not have resources available to them to meet the costs of these comprehensive services. TRC vocational rehabilitation program funds cannot be used to pay for such medical services unless the patient meets federal and state vocational rehabilitation eligibility criteria, which include a determination of rehabilitation potential or employability. In many cases, especially involving patients with the most severe spinal cord injuries, this determination cannot be made at the time the patient needs admission to a rehabilitation hospital.

For a person who has just received a spinal cord injury and cannot afford comprehensive services in a rehabilitation hospital, treatment in a general hospital until the patient's condition is minimally stabilized is frequently followed by placement in a nursing home or other long-term care facility. Unless comprehensive rehabilitation services are provided quickly, many patients develop other medical problems, often requiring repeated hospitalization. Many times these patients must be institutionalized for the rest of their lives.

In an attempt to meet the needs of such catastrophically disabled persons, the agency is requesting a general revenue appropriation of $1 million in 1986 and $1.5 million in 1987. The funds will be used to provide comprehensive medical rehabilitation services to persons with traumatic spinal cord injuries received

within the preceding 12 months who are not currently eligible for vocational rehabilitation services. With these funds, the agency expects to serve 40 individuals in fiscal year 1986 and 60 in fiscal year 1987, at a cost of $25,000 per client. The agency plans to limit payments to a maximum of 120 days of initial inpatient services, and to exhaust all other funding sources, such as private insurance, medicaid, CHAMPUS, etc. prior to expending TRC funds.

ACROSS-THE-BOARD RECOMMENDATIONS

From its inception, the Sunset Commission identified common agency problems. These problems have been addressed through standard statutory provisions incorporated into the legislation developed for agencies undergoing sunset review. Since these provisions are routinely applied to all agencies under review, the specific language is not repeated throughout the reports. The application to particular agencies are denoted in abbreviated chart form.

Applied	Modified	Not Applied	Across-the-Board Recommendations
			A. GENERAL
X			1. Require public membership on boards and commissions.
X			2. Require specific provisions relating to conflicts of interest.
X			3. Provide that a person registered as a lobbyist under Article 6252-9c, V.A.C.S., may not act as general counsel to the board or serve as a member of the board.
X			4. Require that appointment to the board shall be made without regard to race, color, handicap, sex, religion, age, or national origin of the appointee.
X			5. Specify grounds for removal of a board member.
X			6. Require the board to make annual written reports to the governor, the auditor, and the legislature accounting for all receipts and disbursements made under its statute.
X			7. Require the board to establish skill-oriented career ladders.
X			8. Require a system of merit pay based on documented employee performance.
X			9. Provide that the state auditor shall audit the financial transactions of the board at least once during each biennium.
X			10. Provide for notification and information to the public concerning board activities.
X			11. Place agency funds in the Treasury to ensure legislative review of agency expenditures through the appropriation process.
X			12. Require files to be maintained on complaints.
X			13. Require that all parties to formal complaints be periodically informed in writing as to the status of the complaint.
		X	14. (a) Authorize agencies to set fees. (b) Authorize agencies to set fees up to a certain limit.
X			15. Require development of an E.E.O. policy.
X			16. Require the agency to provide information on standards of conduct to board members and employees.
X			17. Provide for public testimony at agency meetings.
X			18. Require that the policy body of an agency develop and implement policies which clearly separate board and staff functions.

Texas Rehabilitation Commission
(Continued)

Applied	Modified	Not Applied	Across-the-Board Recommendations
			B. LICENSING
		X	1. Require standard time frames for licensees who are
		X	2. Provide for notice to a person taking an examination of the results of the exam within a reasonable time of the testing date.
		X	3. Provide an analysis, on request, to individuals failing the examination.
		X	4. Require licensing disqualifications to be: 1) easily determined, and 2) currently existing conditions.
		X	5. (a) Provide for licensing by endorsement rather than reciprocity.
			(b) Provide for licensing by reciprocity rather than endorsement.
		X	6. Authorize the staggered renewal of licenses.
		X	7. Authorize agencies to use a full range of penalties.
		X	8. Specify board hearing requirements.
		X	9. Revise restrictive rules or statutes to allow advertising and competitive bidding practices which are not deceptive or misleading.
		X	10. Authorize the board to adopt a system of voluntary continuing education.