

1 **Vocational Rehabilitation Service Rate Increases**  
2 **Discussion Paper**

3 **Background**

4 The Vocational Rehabilitation (VR) Comprehensive Statewide Needs Assessment (CSNA) is  
5 required by federal law and describes the VR service needs of individuals with disabilities  
6 residing or working in Texas. Every three years, the designated state unit, which is the  
7 Vocational Rehabilitation Division (VRD), for the VR program uses the CSNA to identify goals  
8 and priorities for program administration aligned with a Workforce Innovation and Opportunity  
9 Combined State Plan that addresses the state’s workforce system needs. The 2020 CSNA report  
10 provides the requisite assessment of VR service needs and associated needs of program staff and  
11 service providers. The 2020 CSNA was finalized in June 2021.

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13 The 2020 CSNA report identified three overarching categories of VR service needs in Texas:  
14 recovering and maintaining a robust network of providers to ensure access to equitable and  
15 diverse services; streamlining procedures and approval processes to remove any unnecessary  
16 administrative processes for staff, providers, and customers; and recovering and maintaining  
17 sufficient staff and expertise to effectively serve jobseekers with disabilities. The 2020 CSNA  
18 found that during Federal Fiscal Years (FFY) 2017 to 2019, the Texas VR program experienced  
19 a substantial decline of 42% in the number of active service providers, from around 9,500 at the  
20 start of FFY 2017 to around 5,500 by the end of FFY 2019. By the end of FFY 2020, the number  
21 of active service providers had decreased further to around 4,400. Work is underway on initial  
22 strategies to address the three overarching categories identified in the CSNA.

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24 **Issue**

25 The Texas Workforce Commission Vocational Rehabilitation (TWC-VR) program enters into  
26 contracts with providers under which it orders goods and services on behalf of its customers,  
27 which are delivered through a network of providers. It is vital that TWC-VR have a robust  
28 provider network, both geographically and by service type, in order to deliver services to  
29 customers. The substantial decline in providers over time has limited options for customers and  
30 made the ongoing delivery of services to customers challenging.

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32 To address the ongoing challenge of maintaining a robust provider network, in sufficient  
33 numbers and located where needed, TWC-VR, in partnership with TWC’s Office of Business  
34 Transformation initiated a project focused on the procurement and provision of goods and  
35 services for VR customers. The project aims to improve the attraction, retention, and  
36 availability of qualified providers. It comprises various components, including:

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38 • reviewing the payment rates and fee structures for VR services;  
39 • enhancing provider recruitment and training; and  
40 • evaluating provider requirements to lessen burdens and improve efficiencies where possible.

1 VR recognizes that the compensation paid to providers must be competitive and that the fee  
2 structures established in contracts must be appropriate. The need for payment rates that align  
3 with current market value has been raised in multiple forums and meetings with stakeholders. In  
4 addition, the 2020 CSNA report cited a possible discrepancy between current VR program  
5 service rates and market values. For certain VR services, payment rates and fee structures have  
6 not been reviewed and updated since 2010. For VR services that have been added since 2010,  
7 payment rates were established using 2010 base rates.

8 The project has identified two strategies to ensure that provider compensation is competitive and  
9 that associated fee structures are appropriate. The first strategy is an immediate rate increase for  
10 employment services, Pre-Employment Transition Services (Pre-ETS), and Autism Spectrum  
11 Disorder (ASD) support services. These service contracts represent the largest number and  
12 percentage of VR contracts under which TWC-VR provides services to customers. The second,  
13 and longer-term strategy, is to procure the services of an external firm to perform a more  
14 comprehensive analysis of payment rates and fee structures for all VR services, and to do so on a  
15 recurring schedule in order to ensure that rates remain competitive.

16 To identify the appropriate methodology for determining the percentage increase to be applied to  
17 the first strategy as described above, TWC's Labor Market and Career Information department  
18 was consulted, and in conjunction with project team members identified that the Employment  
19 Cost Index (ECI), a quarterly economic series detailing the changes in the costs of labor for  
20 businesses in the U.S. economy, is the most applicable index for calculating changes in labor  
21 costs to employers over time. The ECI, prepared by the Bureau of Labor Statistics in the U.S.  
22 Department of Labor, measures the change in the cost of labor, free from the influence of  
23 employment shifts among occupations and industries. The change in the ECI from 2010–2021  
24 (Quarter 1) is 22.5 percent.

25 **Decision Point**

26 Staff seeks direction on increasing the current rates that VR pays for employment services, Pre-  
27 ETS, and ASD support services by 22.5 percent, rounded up to the nearest whole dollar,  
28 effective October 1, 2021.

29 **The Rehabilitation Council of Texas**

30 The Rehabilitation Council of Texas (RCT) received and reviewed the proposed rate increase for  
31 for employment services, Pre-ETS, and ASD support services.