

REPORT TO THE LEGISLATIVE LONG TERM CARE COMMISSION
on Minnesota's Sheltered Workshop Program
October 1986

PART I -- BACKGROUND

Advocacy groups began expressing concerns regarding the directions of the sheltered work program in the early 1980's. Their concerns centered on the perceived lack of benefits for sheltered workers, the lack of movement into community jobs, and low wages earned by sheltered workers.

In 1983 the Minnesota House of Representatives studied sheltered workshops in Minnesota, and expressed their concerns for the same issues. During the Fall of 1983 the office of the legislative auditor, program evaluation division studied the Sheltered Employment Program and issued a report in March of 1984 recommending that Division of Rehabilitation Services (DRS) fund this program by setting performance standards for sheltered workshops to meet as a condition for receiving funding. They urged that incentive funding be provided for workshops that moved sheltered workers into the community.

Acting on the recommendations in this report, and the expressed concerns of advocacy groups, the legislature enacted a law which substantially changed the focus and funding of the State's sheltered work program. This law, Minn. Statutes Chapter 627, was amended in 1985 to allow an additional year for fully implementing the changes enacted. Chapter 627 requires that sheltered workshops be funded, in part, based on performance. Measures of performance were spelled out in the legislation. The measures of performance include:

- * - Wages and benefits paid to sheltered employees and the number of hours worked
- * - Rate of Placement in Competitive Employment
- * - Opportunities for sheltered employees to participate in decisions affecting their employment
- * - Workshop responsiveness to sheltered employee grievances
- * - Increases in individual sheltered employee productivity
- * - Implementing innovative ways to increase placement and retention of sheltered employees in competitive employment, or in sheltered positions with competitive employers, or innovative ways that increase sheltered employee wages

Efficiency of workshops

- Types and levels of disability of sheltered employees and

willingness of the workshop to accept and assist persons with serious behavioral, mental, sensory, or physical disabilities:

NOTE--The evaluation must take into account the disability levels of the sheltered employees, the geographic location and size of the workshop and the economic conditions of the surrounding community.

Also DRS was to revise state rules governing this program to reflect the measures of performance and was to develop a new method of funding the program, based in part on performance.

DRS convened several workgroups consisting of advocates, workshop staff and interested persons to assist in the job of translating the legislative mandate into rules. The workgroup's spent considerable time and effort in developing very detailed rules to govern the administration of the program, and funding sheltered workshops.

PART II -- THE PROCESS

The task of implementing Chapter 627 presented a challenge not only because a method for incentive funding needed to be developed under conditions of fiscal constraint but also because many persons and organizations with widely differing views on the program's direction had a legitimate stake in the outcomes. Within this situation the agency chose to tap the collective experience and expertise of these parties by enlisting their participation in generating specific methods for meeting the requirements of Chapter 627. This strategy was to be used throughout the development and rulemaking processes. The rationale was to have all points of view represented at the table.

In the development phase advocate and provider organizations with particular interest in Long Term Sheltered Employment were invited to have representation on an implementation task force. This task force started work during the Spring of 1984. A consultant in organizational development was selected to facilitate these meetings and lead the group to consensus on recommendations. The first activity of the task force was to provide direction for its work by recommending a new mission statement for the Long Term Sheltered Employment program. This mission statement is contained in the new sheltered work rules.

Work on the several major components of Chapter 627 was addressed by four sub-committees for which task force members volunteered. The assignments were to: 1) develop performance measures for the evaluation factors listed in the legislation; 2) establish a performance based funding formula; 3) recommend Long Term

Sheltered Employment program priorities and 4) propose methods for furthering job benefits of sheltered workers.

The Task Forces work during Spring, Summer and Fall of 1984. Their work included five full Task Force meetings and 30 Subcommittee meetings, resulting in a series of recommendations to DRS. Their recommendations were adopted almost in total. A special task force was later given the responsibility of refining a new method of funding sheltered workshops.

An additional committee was established to do research and develop a measure for "levels and types of disability served" and for the "effect of disability upon performance factors" as required by the law. Their work, from late Fall of 1984 to early 1985, included a study of long-term sheltered workers and extensive computer analysis to develop a disability index.

The Disability Index developed was designed to measure the difficulty sheltered workers have in getting competitive employment. The Division contracted with an expert in this field to develop an instrument to measure the impact of disability on getting work. This consultant, working closely with the advisory committee developed a proposed measure, then tested its applicability in five sheltered workshops. The basis of the index is the FUNCTIONAL ASSESSMENT INVENTORY, a measure of disabled persons' ability to function, developed by the University of Minnesota. The FAI, in use for 10 years, and has been extensively evaluated.

Yet another project was undertaken by an economic consultant to design a measure for the "effect of economic and geographic conditions on performance" which was also required by the law.

DRS's role throughout this activity was to establish the parameters, timeliness and structure and not to direct the ideas flowing from the work groups.

The task force recommendations served as the starting point for the rulemaking process. To provide advice on rules a 10-member advisory committee consisting of many who had served on the task force was established to work with the agency. The committee met from October to December 1984, recommending revisions where there was general agreement on language. The agency's proposed rules were not approved after this initial rulemaking effort. In the Spring of 1985 the proposed rules were found to be too general in nature, requiring more specificity, especially in the method of allocating funds to workshops. Therefore the committee was requested to continue advising the agency regarding revision of the proposed rules. The committee's conscientious debate and recommendations, developed from September to December of 1985, during which they met for approximately 10 two-hour meetings.

Just as the new funding requirements represented a major shift in Long Term Sheltered Employment programming, so too, it required major implementation activity on the part of DRS. While the rules meetings were in progress, the agency developed a Long Term Sheltered Employment Information system to collect the data needed to implement the new funding formula. Based upon data which is provided by workshops on an individual basis for about 6,000 sheltered workers, the agency is providing simulated quarterly allocations to workshops. The simulations show the funding changes workshops can anticipate after the new funding method goes into effect. In another activity over 200 workshop staff have been trained in the use of the Functional Assessment Inventory and difficulty index. This was to ensure uniformity in measuring the levels and effects of disability as required by Chapter 627.

The entire implementation process has involved the participation and cooperation of persons who provide work and services for long-term sheltered employees, persons who serve as advocates for these persons, parents, consumers and other interested parties.

PART III -- RESULTS

As a result of these processes, DRS proposed rules in January of 1986 which would base sheltered workshop funding on performance and would strongly encourage workshops to serve the most severely disabled, and to serve them in community based settings.

A hearing on these proposed rules was held on April 14, 1986, and the Office of Hearing Examiners issued its report on June 21st. DRS was required to make three changes in the rule and so doing, was allowed to promulgate them. These changes have been incorporated in a final version of the rules, a copy of which is attached. Also attached is a copy of the Statement of Need and Reasonableness which accompanies the rules. The rules were effective September 8, 1986.

In summary these rules:

- * - Provide the mechanisms by which Sheltered Employment Programs would be funded.
- * - Establish the definitions of terms used in the revised funding method and among parties involved in the program.
- * - Include in the funding method a measure of the severity of the disabilities of the persons served (the Disability Index) and a measure of the economic and geographic conditions which affect the ability of sheltered workshops to serve disabled persons.
- * - Establish new criteria for certifying workshops, and permitting new entities to enter the funding stream.

- * - Provide for a phase in of the new funding method to permit workshops to adjust their programming and funding.

Since the change in funding methods will be very substantial, and will have a very significant effect on workshops, DRS has developed "simulated allocations" by applying the new funding method to the funds appropriated for state fiscal year 1986. These simulations will be run quarterly until the new funding method is used after 7/1/87. They should assist sheltered workshops adjust their programmatic and financial structures to the new funding method. Also DRS will provide technical assistance to the workshops in better understanding the new method, and what it will take on their part to perform successfully under the new system.

Simulated allocations run in January, April, and July of 1986 by DRS reveals that significant amounts of funding is moved from workshop to workshop based on the factors used in the funding method.

The specifications for the funding method are found in the rules. A more basic structural description is attached to the Statement of Need and Reasonableness.

PART IV -- THE FUTURE.

It has been a lengthy process involving many hours of staff and volunteer time to develop a process for funding sheltered workshops on the basis of performance. The funding method contained in the Rules appears to be workable, and the simulations the agency is running should catch any serious flaws before workshops are actually funded using the new method. However, we could find no precedent for this approach, and our planning is really quite experimental. It is not the intention nor desire to put any sheltered workshop out of business. In the Order the department prepared making the rules effective, we made it clear that at such time as any interested party recognizes a serious flaw in the rules, and is willing to work cooperatively with other interested parties in remedying the flaw, the agency will be more than willing to amend the rules, preferably on a non-controversial basis.

Also, DRS recognizes that some of the features of this performance funding system need ongoing research and development. This is being done.

Minnesota has again demonstrated its leadership in human service programming.



MINNESOTA DEPARTMENT OF
Jobs and Training

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October 17, 1986

The Honorable Tony Onnen
Rural Route 2, Box 211
Cokato, Minnesota 55321

Dear Representative Onnen:

Attached is a report on Minnesota's Long-Term Sheltered Employment Program. The Division of Rehabilitation Services is submitting this report to the Long-Term Care Commission as required by Chapter 009, Section 100, 1985 Special Session. The report describes some very significant changes that have taken place in the direction of this program.

This report was due to your Commission in March of this year, but we were delayed in its completion. I apologize for the lateness of the report.

Should you have questions or comments, or wish to have additional detail, please contact me.

Sincerely,

William Niederloh
Assistant Commissioner

cc: Commissioner Joe Samargia
Legislative Reference Library

Attachment